

■ OVERPAID CEOs?

HOW TO DEAL WITH JAPAN

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THE INNOVATORS

**America's
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*James Burke of
Johnson & Johnson
has quintupled
R&D spending in
the past ten years.*



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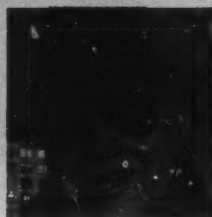
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THE
FORTUNE
SERVICE
500**

FORTUNE



"I try to give people the feeling that it's okay to fail, that it's important to fail."

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"I'm not worried about any of these mob guys. What are they going to do, put a bullet in me? Look, I'm a survivor."

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"She is one of those people who break 2,000 eggs to make a three-egg omelet."

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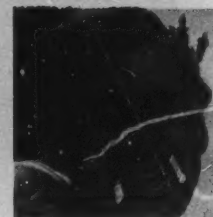
"It was like pulling a pitcher in the ninth inning, when the team is behind, but just before they are about to win."

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"It's hard to rise above poverty if society keeps deriding the human qualities that allow you to escape from it."

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"Bathrooms are getting bigger and bigger. Tubs are getting bigger."

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Cover: James Burke was photographed by Abe Frajndlich in the employee cafeteria at Johnson & Johnson's New Brunswick, New Jersey, headquarters.

A WOMAN who trains horses and imports English toys. Two fine artists. A former editor at *Columbia Encyclopedia*. An architect. A onetime personal assistant to Olivia de Havilland and Baron Philippe de Rothschild. A graduate of *Penthouse* magazine's photo department and its Call Me Madam advice column. A former producer-writer of a Puerto Rican TV show for children.

Add a musician, a couple of actors, and two students in pursuit of Ph.D.s—a remarkable mix of people to sit regularly elbow to elbow, doing something very different. All work in FORTUNE's editorial operations department, which we call copy processing. The importer and horse trainer is Frances Owles; the artists, Alired Graham and Leslie Brenner; the editor, Edith Fried; the architect, Dennis Williams; the personal assistant, Sara Solberg; and the *Penthouse* alum, Charles Attardi. The former TV producer is Donald Biglands, their chief.

The 26 men and women who work in around-the-clock shifts with Biglands are the too often unsung heroes of FORTUNE. They take every word we write and edit, every chart we draw, every photograph we select, every table of statistics we devise, every lay-

out we design—and turn all these parts into a reality, the publication you now hold in your hands.

Reporting to Biglands, Carol Gwinn is chief of our copy desk. She and her team, led by deputy Charles Blackwell, oversee the style, spelling, and punctuation of every editorial word and number in the magazine. That's no small job: An average issue contains more than 50,000 words. As most of my colleagues freely admit, the copy desk's addiction to accuracy and aversion to dangling participles and other grammatical horrors have saved many red faces around here. Biglands is a perfectionist, but a modest one: "Great saves? When we catch something, it isn't a save. The mistakes

I remember are the ones we missed."

The words and numbers that the copy desk approves are fitted to our pages by copy processing's technology department, headed by Randy Sizemore and his deputy, David Sloan. They use complex computer typesetting software to do everything that hot-type printers used to do.

Sizemore's group inevitably goes through extra travail—and many extra hours—when we publish minutely detailed tables of

numbers, as in the annual Service 500 survey, our listing of the biggest non-industrial companies that begins on page 275.

In contrast to our unsung experts in the copy room, FORTUNE writers are known to our readers from their bylines. Three of the most prominent are Kenneth Labich, Myron Magnet, and Gary Hector. Labich writes regularly about the ongoing dogfights among the airlines, but for this issue's cover story, which begins on page 50, he identifies and examines the creative executives who do best at turning innovative ideas into profitable new products.

Myron Magnet is the author of a memorable series of special reports: the underclass, the homeless, the money society, and the crisis in schooling. He revisits these distressing facets of U.S. society to grapple with the question of why so much conspicuous poverty persists in affluent America (see page 206).

Gary Hector recently finished writing a book about deeply troubled BankAmerica. An excerpt begins on page 187. Its apt and inviting title: "Botching Up a Great Bank."

Ranston Lee

MANAGING EDITOR



Don Biglands



Hail, hail, copy processing's day shift is all here.



The night shift works until midnight, when . . .



. . . the lobster watch takes over until morning.

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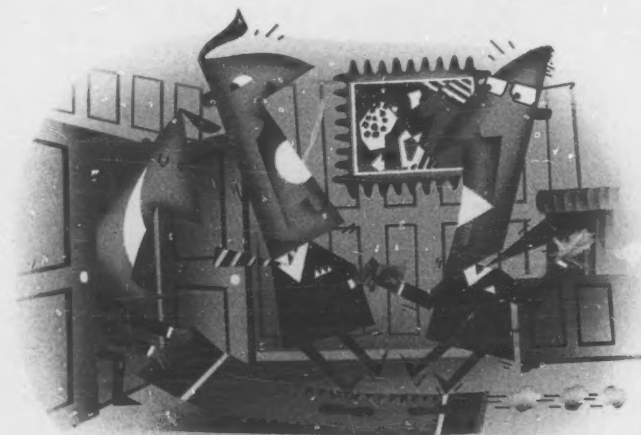
severance agreements. Typically such a clause states that the departing executive may not make derogatory statements in public about the company, its executives, or even its employees.

Some companies think big payoffs will keep ex-officers mum. But the tactic didn't work for **CBS** or **General Motors**. When it fired news president Ed Joyce in 1986, CBS rejected a gag clause, paid him at least \$1 million, and assumed he would go quietly. Joyce skewered his ex-employer in *Prime Times*, *Bad Times*, published in May. GM stipulated that Ross Perot would have to repay \$7.5 million of the \$750 million GM gave him

and-tell world on every level, but the business books that really sell are about entire industries or are biographies that teach lessons." — **Patricia Sellers**

Let's make a deal

■ Corporate takeover battles often mimic the frenzy of TV game shows, where you have a deal only until the host rolls another, bigger box onto the stage. In the real world a target company may shake hands on a merger with a friendly party, may even sign a merger agreement with said friendly party, but the takeover falls apart when a hostile acquirer rolls another, higher



Though the handshake may be firm, the takeover deal may not be.

for his stock if he publicly criticized the auto company. (GM would likewise fork over \$7.5 million for any criticism of Perot.) The Texan indicted GM management in *FORTUNE* (February 15), but the company never made him pay.

Publishers are not expecting a flurry of Reganlike books about the executive suite. Generally they don't sell. Says Joni Evans, publisher at the adult trade books division of **Random House**: "We're living in a kiss-

bid onto the stage. You can't help wondering: When's a deal a deal?

This was the question **Pennzoil** put to **Texaco**, of course, when the bigger oil company waltzed off with Getty Oil. More recently **Federated Department Stores** signed a definitive merger agreement with **R.H. Macy** that lasted only until **Campeau Corp.** cooked up a better offer. And **J.P. Stevens's** contract with **Odyssey Partners** was good only until **West**



Judith Stone of the National Safety Council: heeding the limit

Point-Pepperell's next bid.

It turns out that when a company is put into play by a hostile bidder, the courts expect that directors will become auctioneers seeking the best possible price for the shareholders. That's why most so-called definitive merger agreements now have escape clauses that allow the agreement to be voided if another bidder offers more.

The directors' decision to accept one offer over another will usually find favor with the court under the business judgment rule. The friendly acquirer who thought he had a signed contract might be inclined to sue the winning bidder, as Pennzoil did so spectacularly with Texaco. But the issue is often harmoniously resolved by dismembering the target and parceling out selected assets. That's how Macy's ended up with Bullock's and I. Magnin, and Odyssey Partners got Stevens's carpeting, industrial fabrics, and rubberized roofing divisions. — **W.E.S.**

Cutting back into the fast lane

■ When the speed limit went down to 55 mph across the U.S., traffic fatalities went down also. Then last year Congress permitted states to raise the limit to 65 on rural interstate highways, and 41 states did so.

Now Transportation Secre-

RULES OF THE ROAD

Speed limit on super-highways (miles per hour)

Deaths* (per 100 million miles driven)

	Speed limit on super-highways (miles per hour)	Deaths* (per 100 million miles driven)
W. Germany	None	3.8
Italy	87	3.9
France	81	4.8
Britain	70	3.0
Canada	62	1.5
Japan	62	3.5
U.S.	55	2.5

*1985 figures.

tary Jim Burnley, a proponent of higher speed limits, is trumpeting the news that "there are no discernible differences [in death rates] between those rural interstates where the speed limit is still 55 and those where it's 65." Unfortunately, the best his Department of Transportation could do to back him up was an interim report issued three days later saying that the new limit had not been in effect long enough "to determine its long-term impact on safety."

Clearly it's a question of whose wheel you sit behind. Judith Stone, federal affairs director for the National Safety Council, opposes the new speed limit. Stone, who lives in D.C. and takes the subway to work, drives her used 1984 silver-gray Toyota Tercel mostly on weekends. "Even if the speed limit is 65, I don't feel comfortable going over 60," she says. Burnley says he holds his white 1987 Mustang convertible—the kind with the bumper skirts—to the speed limit in 55 mph states. But he says that he felt like a major hazard when driv-



Japanese tourists work hard at Louis Vuitton to redress the trade balance.

ing his son around Boston at that posted speed; everyone else was doing 75.

The Transportation Department study is due in September 1989. Unfortunately, DOT won't get there any faster by looking into the speed limits in other countries and accompanying fatality rates. As the table on page 11 shows, there's little obvious correlation. — Cynthia Hutton

Born to shop

■ The weak dollar has a bright side: Japanese tourists chipped \$2.1 billion off the U.S.'s \$60 billion trade deficit with yenland last year. Each visitor frittered away an average of \$1,000 on transportation, gifts, food, and lodging. (For how conventional exports are helping the trade balance, see The Economy.)

On the wings of their mighty currency, 2.1 million Japanese tourists visited the U.S. last year, and 32% more are expected this year. By far the most popular U.S. destinations are Hawaii, Guam, and American Samoa, although at Nippon Travel,

Japan's second-largest private agency, bookings to New York City are up about 50%.

Fortunately for the trade balance, Japanese travelers don't shop at K mart. They swarm through New York's **Bloomingdale's**, Houston's **Neiman Marcus**, and San Francisco's **Saks** to buy perfume, cosmetics, and designer-name clothing. In New York City, they hang out at **Hermès**, **Chanel**, and **Hunting World**. At **Louis Vuitton** on 57th Street—where the most popular bag retails for \$360, \$128 less than in Tokyo—50% of the store's sales have been to Japanese visitors; the percentage is even higher at Vuitton's Rodeo Drive *bagerie*. Says Barry Goldsmith, **Burberry's** head of U.S. retailing: "Vans stop in front of our New York store daily."

The shopping spree will continue. Last July the Japanese government doubled the value of goods that can be brought into the country duty free to \$1,600. By comparison, U.S. citizens are limited to a paltry \$400 worth.

— C.H.

Hot properties

■ For the first time in a decade insurance companies and the pension funds they manage are investing in residential real estate. Leery of the commercial market because foreigners have driven up prices and vacancy rates are high, insurers are buying apartment buildings. What do they know that you don't?

Perhaps the law of supply and demand. The stock of multifamily housing is tight and likely to get tighter. Tax reform eliminated the incentives that inspired developers and syndicators to build, and savings and loans, the traditional lenders, are still licking their real estate wounds. Construction of new units has dropped from 575,000 in mid-1985 to fewer than 300,000. Meanwhile, apartment rents have risen faster than the consumer price index for the past five years.

Insurance companies are as choosy as most other homebuyers. Says Claude Zinngrabe Jr., president of **Prudential Realty Group**: "We look for an existing property, fully leased, relatively new, in markets where demand exceeds supply and there is a diversified economy that looks as if it's growing." Free translation: California and Florida, among others. In the past nine months the Pru has committed \$400 million to residential real estate, \$118 million of which went to purchase a majority stake in five apartment projects in California.

Aetna's Apartment Development Fund raised \$200 million in 1987, and it expects to collect another \$200 million for a second fund by the end of this year. Like other investors, Aetna chooses properties with an eye to converting them to condominiums. Says James Richmond

Jr., president of Aetna Realty Investors: "This is our exit strategy for five to seven years down the road, but if things are looking good, we don't have to exercise the option." — C.H.

Golden hopes

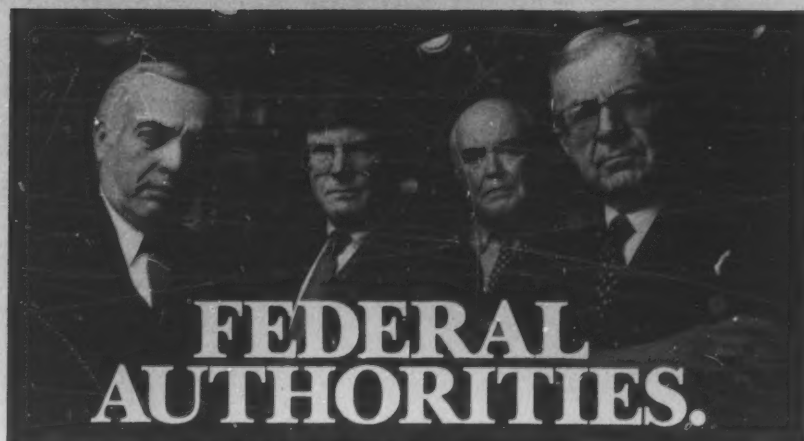
■ It used to be that when there was a gold rush, you had to git where the gold was. Timing was important. A good horse helped. Nowadays it's simpler. Gold bullion coins, minted by countries as legal tender, are readily available from coin dealers. And large brokerage houses such as **Merrill Lynch, Prudential-Bache**, and **Shearson Lehman Hutton** have recently stepped up their coin marketing. Problem is, there's no gold rush.

Gold boosters are calling it the calm before the storm. The metal, as high as \$850 an ounce in 1980, has been mellowing out at around \$440 since January. But rising interest rates and heightened inflation fears could



Eagle, Maple Leaf, and Nugget

drive the price to \$600 by fall, even if inflation stays in single digits, says Bruce Kaplan of A-Mark Precious Metals, a wholesaler. When that happens, coin dealers reckon Americans will finally accept bullion coins as a



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GROUP Robert Novak, Morton Kondracke, Jack Germond.
And, of course, John McLaughlin.

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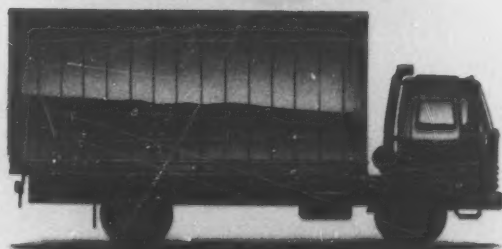
So if you're interested in where the trends are headed, tune in to this feisty political talk show. These authorities take the issues seriously, not themselves.

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LETTERS

firms in the near future will not be diversifying to maintain growth, nor will it be developing more business with fewer clients. The major challenge will be paying attention to clients and the successful execution of searches, which enables search firms to prosper in the first place.

MICHAEL C. LYNCH
Lynch Miller Moore Inc.
Chicago

The Attacker's Advantage

"Redrawing the Line on Defense" (April 25) was an excellent summary and analysis. But I was put off by a statement that keeps cropping up in such discussions: An attacker needs a numerical advantage of 2 to 1 to succeed. This ratio comes from Karl von Clausewitz. What goes unnoticed is that the legendary Prussian tactician added: at the point of attack.

The German army that invaded France in 1940 was smaller than the French army. Yet the French collapsed almost overnight because they were not concentrated at the point of attack and were too disorganized to respond promptly. Other examples abound. The problem with applying the 2-to-1 ratio to national defense is that the defender may never be able to commit his total strength where it's needed.

R. F. MACKNESS
Burbank, California

Catching Up

I am a little behind in my reading. I've just had a chance to see "Corporate Strategy for the 1990s" (February 29). It was the most substantive and well-articulated description of the dilemmas of formulating today's strategies.

JUDE T. RICH
President
Sibson & Co.
Princeton, New Jersey

Corrections

FORTUNE's directory of the 500 largest U.S. industrial corporations should have listed the ten-year earnings per share growth for Bemis Co. (342) as 11.1%, and for Worthington Industries (rank: 362) as 16%. Bemis also had a 27.6% increase in earnings per share from 1986 to 1987.

In its May 9 issue, FORTUNE stated that Ralston-Purina's dog food business suffered a slight market share decline in 1987. While the company's leading brand, Purina Dog Chow did lose share, Ralston's share of market from all of its brands increased. **E**

Address letters to FORTUNE, Time & Life Building, Rockefeller Center, New York, N.Y. 10020. Letters may be edited for purposes of clarity or space.

THE WACKY, WACKY WORLD OF CEO PAY

An exclusive study shows that top-level compensation doesn't make much sense. If some boards of directors don't mend their ways, Washington could get into the act. ■ by Graef S. Crystal

FIGURE THIS OUT: Last year was not a sterling one for Bally Manufacturing, the casino operator and maker of pin-ball machines. Among the diversified service companies on FORTUNE's Service 500, Bally was in the lower half in return on shareholders' equity and total return to investors. CEO Robert E. Mullane's pay: \$2.5 million. Digital Equipment Corp., by contrast, had a terrific year, with a big increase in profits and a standout stock performance and return on equity. CEO Kenneth Olsen's pay: \$906,000.

What's going on? Does CEO pay make any sense at all? What factors most influence it—and are they the factors that *should* influence it?

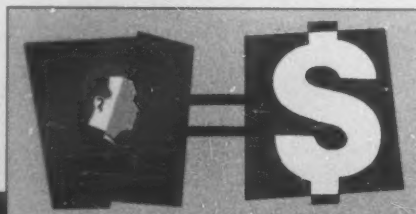
To find out, FORTUNE commissioned me to conduct a statistical study of CEO pay at 170 of the largest U.S. industrial and ser-

vice corporations. In 23 years as a compensation consultant, I have worked with a considerable number of major corporations and all manner of compensation plans. This study analyzed pay in relation to a wide range of factors, including the CEO's ownership of company stock, the composition of the board, and the company's performance and size. Among the conclusions: Just about all the rational factors you can think of, taken together, don't play a big role in determining CEO pay, and some factors that you might expect to influence it,

or that ought to in a perfect world, don't matter at all.

The companies chosen for the study were the top 100 of last year's FORTUNE 500 and 100 top entries from last year's Service 500. Of these, 30 dropped off because they have since disappeared in mergers or acquisitions, or they elected new CEOs during fiscal 1987, or their results were so unusual that they defied classification—Pan Am and LTV, for example, had their numbers skewed by large negative net worths.

Compensation data came from proxy statements, which often are models of miscommunication (see box, page 76). Pay in the accompanying tables includes salary and bonus, plus the value of perquisites when listed. Gains on stock options can be terribly distorting because if a CEO hits it big by exercising valuable options one year, he is unlikely



CEOs WHO MOST EXCEEDED "RATIONAL" PAY AMONG 170 CHIEF EXECUTIVES

	COMPANY	CEO	PAY... ACTUAL...		"RATIONAL"	PERCENT	
			\$000	Rank	\$000	HIGHER	
1	BEAR STEARNS COS.	Alan C. Greenberg	\$5,712	2	\$1,206	373%	It's hard to call Ace overpaid. His bonus plan was clearly detailed when the firm went public in 1985.
2	BALLY MANUFACTURING	Robert E. Mullane	\$2,549	11	\$697	266%	Though Bally is a subpar performer, Mullane's pay package is lavish, with loads of restricted stock.
3	WARNER COMMUNICATIONS	Steven J. Ross	\$4,066	5	\$1,187	343%	Massive pay for middling performance (1986 figures). Ross may also rack up huge future compensation.
4	WALT DISNEY	Michael D. Eisner	\$6,732	1	\$2,489	170%	You can argue whether Eisner is worth so much, but he has turned in a star performance at Disney.
5	GEORGIA-PACIFIC	T. Marshall Hahn Jr.	\$2,623	10	\$1,119	134%	Hahn's pay included a \$1.4 million bonus. The company is an average performer.
6	GULF & WESTERN	Martin S. Davis	\$2,770	8	\$1,307	112%	Davis has wrought an impressive turnaround at G&W. Last year's results were fine.
7	ANHEUSER-BUSCH	August A. Busch III	\$2,764	9	\$1,315	110%	Busch brought shareholders a 30% total return last year. They're probably not griping.
8	ITT	Rand V. Araskog	\$2,779	7	\$1,389	100%	Impressive profit performance, and a big improvement over 1986.
9	CHAMPION INTERNATIONAL	Andrew C. Sigler	\$2,062	20	\$1,031	100%	Sigler's superstar pay is hard to figure. The company is an average performer and has been for years.
10	GENERAL ELECTRIC	John F. Welch Jr.	\$4,172	4	\$2,155	94%	A solid performance by Welch, who increased profits 17% in this vastly diversified company.

FORTUNE's analysis showed that the factors you would expect to determine CEO pay—company size and performance, business risk, the CEO's ten-

ure, and others—explain only part of it. Our computation of "rational" pay, explained in the article, is what a CEO's pay would be if it reflected

to have done so in the previous few years or to do so again soon. An ideal but hugely laborious way to smooth out these sharp ups and downs would be to compute each CEO's average gain on exercised stock options, restricted stock grants, and long-term incentive plans over, say, the past five years. Instead, the study arbitrarily includes 20% of such gains for 1987 (unless the proxy gives more detailed data).

CEO pay isn't completely nutty. The study found that it varies in line with a number of seemingly rational factors:

► **Company size.** A bigger business is probably more difficult and a greater responsibility to run than a small one. The study gauged size by an index combining sales, assets, shareholders' equity, and number of employees. Other things being equal, a 10% increase in company size will bring the CEO a 2% increase in pay.

► **Company Performance.** This ought to be the big one, and it is. We constructed a Performance IQ composed of 1987 profits, return on equity (1987 and five-year averages), the change between the 1987 and five-year average ROEs, ratio of market value to book value (1987 and five-year averages), and total return to investors (stock price change plus dividends) for the past five years. As with intelligence testing, the average company in the group had a Performance IQ of 100. Merck is first in the class, with a Performance IQ of 125, and BankAmerica is the dunce, with 76 (see

FORTUNE Book Excerpt). Increasing a company's Performance IQ from 100 to 110—no easy feat—brings a 31% increase in CEO pay.

► **Company risk.** Running First Boston is a lot riskier than running Nynex, so it ought to pay more. It does. In measuring risk by beta value, a gauge of stock price volatility, it turns out that taking on more risk and moving a company's beta from 1.00 to 1.10 will trigger a 5% increase in pay.

► **Government regulation.** Transportation companies, which were regulated until relatively recently, and utilities, which remain heavily regulated, pay the boss less than other companies. The gap is 20% for transport outfits, 24% for utilities.

► **Tenure.** The longer you work for a company, the more you earn, right? Not if you're the CEO. Other things being equal, a CEO with 30 years of service earns 6% less than one with 20 years. That's not so surprising when you think about it: Companies that hire from the outside usually have to pay through the nose. So the less service a CEO has with his company, the more he tends to earn.

► **Location.** If a company is headquartered in or around New York City, the CEO receives

7% more pay than average. In Los Angeles it's 10%. Those cities are among the most expensive in which to live in the U.S. and are headquarters for many of the highest-paid CEOs.

It makes sense that these factors would influence CEO pay. But it makes sense that a number of others would too—and they don't. Consider:

► **Directors.** Pay has nothing to do with whether the board is primarily insiders or outsiders, nor does it matter what proportion of shares outstanding is owned by the outside directors or by the outside directors who serve on the board's compensation committee.

► **Ownership.** It doesn't matter how much stock the CEO owns in the company.

► **Age.** Neither the CEO's age nor the number of years he has served as CEO has any impact on pay.

What's the bottom line? If you test for the influence of all these factors on CEO pay through the statistical technique of multiple regression analysis, it turns out that they explain only about 39% of the variation. Since these factors constitute the overwhelming majority of supposedly rational influences on



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CEOs WHO LAGGED FURTHEST BEHIND "RATIONAL" PAY AMONG 170 CHIEF EXECUTIVES

	COMPANY	CEO	PAY... ACTUAL... "RATIONAL"		PERCENT LOWER	
			\$000	Rank	\$000	
161	DIGITAL EQUIPMENT	Kenneth H. Olsen	\$906	124	\$1,566	-42%
162	MERCK	P. Roy Vogelos	\$1,372	55	\$2,455	-43%
163	CATERPILLAR	George A. Schaefer	\$532	159	\$998	-47%
164	TEXAS AIR	Francisco A. Lorenzo	\$505	163	\$964	-48%
165	SUPER VALU STORES	Michael W. Wright	\$551	157	\$1,053	-48%
166	IBM	John F. Akers	\$912	122	\$2,152	-58%
167	LUCKY STORES	John M. Lillie	\$372	153	\$1,397	-59%
168	SYSCO	John F. Woodhouse	\$332	168	\$843	-61%
169	AMERADA HESS	Leon Hess	\$200	170	\$721	-72%
170	LOEWS	Laurence A. Tisch	\$289	169	\$1,754	-84%

just these factors. Whether a CEO who made more than "rational" pay is truly overpaid remains open to question. There may be extenuating circum-

stances—for example, a chief executive may receive a premium to take over a troubled company. Figures are for 1987 unless otherwise noted.

COMPENSATION

CEO pay, that is a sobering statistic. It means that most of the vast differences in CEO pay cannot be logically accounted for.

The "rational" pay figures in the accompanying tables are derived from the regression analysis. They show what each CEO's pay would be if it reflected only the influence of the factors discussed above, the factors that rationally ought to influence pay. Note that the "rational" figure reflects these influences to the extent they operated in the group overall—and whether that is too much or too little influence in any specific case is open to argument. For example, while a ten-point improvement in Performance IQ raises pay 31%, a board of directors might argue persuasively that in a particularly difficult situation, such a performance boost is worth

far more, and they might pay their CEO accordingly. In other words, just because a CEO is making more than "rational" pay, he isn't necessarily overpaid.

The big mystery is the remaining 61% of pay variation, the part that is not due to company size, company performance, business risk, or any other factor considered. It is surely true, as some scholars argue, that CEO pay makes more sense if you include the changing value of the chief's holdings of company stock; if his company does well, his stock does well. But these are unrealized gains and losses, and in any case certainly would not explain anything like that 61%. So what's going on? Is the most popular reference work in the compensation committee's meeting room a table of random numbers?

Several structural elements underlie the considerable chaos that seems to operate in the market for CEO services. Remarkably, the sellers of these services, the chief executives themselves, are often not well informed. Many executives simply don't understand the total value of their pay packages. To be sure, they can rattle off their salary and bonus numbers with celerity, but they slow to a crawl when it comes to valuing options, restricted stock, performance units, perquisites, and fringe benefits.

The buyers are not much better off. Executive pay plans can be highly complex, so

REPORTER ASSOCIATE David Kirkpatrick



**IBM's
JOHN AKERS**
*Paid as if IBM were just
large, not huge*

CEOs WHO MADE MORE THAN "RATIONAL" PAY CONTINUED

	COMPANY	CEO	PAY... \$000	ACTUAL.. Rank	"RATIONAL" \$000	% HIGHER
11	TEXTRON	B. F. Dolan	\$2,102	18	\$1,130	86%
12	TRW	Ruben F. Mettler	\$1,767	31	\$999	77%
13	USX	David M. Roderick	\$1,861	27	\$1,088	71%
14	KRAFT	John M. Richman	\$1,858	28	\$1,098	69%
15	COCA-COLA	Roberto C. Goizueta	\$2,317	13	\$1,408	65%
16	NAT'L MEDICAL ENTERPRISES	Richard K. Eamer	\$1,740	32	\$1,067	63%
17	UNISYS	W. Michael Blumenthal	\$1,902	26	\$1,179	61%
18	PFIZER	Edmund T. Pratt Jr.	\$2,212	15	\$1,387	60%
19	W.R. GRACE	J. Peter Grace	\$1,488	47	\$948	57%
20	OCCIDENTAL PETROLEUM*	Armand Hammer	\$1,595	38	\$1,024	56%
21	CHRYSLER	Lee Iacocca	\$4,811	3	\$3,115	54%
22	AVNET	Anthony R. Hamilton	\$1,052	93	\$702	50%
23	TESORO PETROLEUM	Robert V. West Jr.	\$651	147	\$436	49%
24	SARA LEE	John H. Bryan Jr.	\$2,078	19	\$1,402	48%
25	ALCO STANDARD	Ray B. Muntz	\$1,216	75	\$833	46%
26	BELL ATLANTIC	Thomas E. Bolger	\$1,359	56	\$933	46%
27	AMERICAN CYANAMID	George J. Seila Jr.	\$1,502	44	\$1,033	45%
28	EMERSON ELECTRIC	Charles F. Knight	\$1,654	35	\$1,143	45%
29	GREYHOUND	John W. Toets	\$1,411	51	\$998	41%
30	NORFOLK SOUTHERN*	Robert B. Claytor	\$1,105	89	\$793	39%
31	E.I. DU PONT DE NEMOURS	Richard E. Heckert	\$2,385	12	\$1,717	39%
32	AMR*	Robert L. Crandall	\$1,182	79	\$861	37%
33	HOLIDAY	Michael D. Rose	\$1,032	98	\$753	37%
34	BANKERS TRUST N.Y. CORP.	Charles S. Sanford Jr.	\$1,948	24	\$1,457	34%
35	CSX	Hays T. Watkins	\$1,202	78	\$902	33%
36	WESTINGHOUSE ELECTRIC	Douglas D. Danforth	\$1,944	25	\$1,478	32%
37	NATIONAL INTERGROUP	Howard M. Love	\$711	143	\$541	31%
38	GTE	Theodore F. Brophy	\$1,212	77	\$941	29%
39	MERRILL LYNCH	William A. Schreyer	\$1,959	22	\$1,521	29%
40	RALSTON PURINA	William P. Stiritz	\$2,060	21	\$1,620	27%
41	BURLINGTON NORTHERN	Richard M. Bressler	\$1,389	54	\$1,103	26%
42	GENERAL MOTORS	Roger B. Smith	\$2,115	17	\$1,687	25%
43	PROCTER & GAMBLE	John G. Smale	\$1,283	66	\$1,041	23%
44	KIMBERLY-CLARK	Darwin E. Smith	\$1,464	50	\$1,196	22%
45	FORD MOTOR	Donald E. Petersen	\$3,867	6	\$3,185	21%
46	SOUTHWESTERN BELL	Zane E. Barnes	\$1,303	64	\$1,076	21%
47	BERGEN BRUNSWIG	Emil P. Martini Jr.	\$738	137	\$613	20%
48	AMOCO	Richard M. Morrow	\$1,267	67	\$1,058	20%
49	FIRST BOSTON	Peter T. Buchanan	\$2,160	16	\$1,804	20%
50	MOBIL	Allen E. Murray	\$1,586	39	\$1,325	20%
51	GENERAL MILLS	H. B. Atwater Jr.	\$1,319	61	\$1,108	19%
52	UNOCAL	Fred L. Hartley	\$977	107	\$839	19%
53	H.J. HEINZ	Anthony J.F. O'Reilly	\$1,470	49	\$1,245	18%
54	CASTLE & COOKE	David H. Murdock	\$1,227	74	\$1,048	17%
55	CIGNA	Robert D. Kilpatrick	\$1,532	43	\$1,324	16%
56	MCDONNELL DOUGLAS	Sanford M. McDonnell	\$1,018	102	\$888	15%
57	WETTERAU	Ted C. Wetterau	\$820	132	\$719	14%
58	ROCKWELL INTERNATIONAL	Robert Anderson	\$1,611	37	\$1,421	13%
59	AMER. INFO. TECHNOLOGY	William L. Weiss	\$1,304	63	\$1,158	13%
60	J.C. PENNEY*	William R. Howell	\$1,733	33	\$1,564	11%

*1986 data

COMPENSATION

compensation committee members have a demanding job. But it is only a part-time job, and no company pays them enough to motivate them to spend very many hours thinking about the company's pay policies.

Many compensation committee members have selective memories. With straight faces they'll point out how they are aiming for pay within industry norms and how they have achieved what they set out to accomplish through a combination of regularly granted compensation elements. But they will forget that four years ago, in a fit of hero worship, they gave the CEO a "one-time," "out-of-sequence," stock option grant for 500,000 shares and that, two years ago, they gave him a "special" grant of 75,000 restricted shares.

Compensation committees have strong—and misguided—incentives to grant stock options. Under current rules of accounting, the cost of options offered at market prices never hits the income statement. Apparently by magic, a company can deliver millions of dollars to an executive and not diminish reported profits by a nickel. It shouldn't work that way, of course. Once the CEO exercises his options, those shares end up in the open market, drawing dividends and diluting the ownership of all other shareholders. Yet many corporate directors have come to believe that if options don't reduce reported earnings, they don't cost anything. Everyone knows what happens to usage when resources are underpriced.

Another factor pushing up CEO pay is pride, a we're-as-good-as-anyone attitude. If you survey compensation committees on

pay policy, you will typically find that about one-third of major companies aim to pay their CEOs at 75th-percentile levels of compensation, the remaining two-thirds are aiming for the median or slightly above it, and precisely no companies say they are aiming for less than the median. Is it any wonder that pay levels move up smartly year after year?

Most of today's CEOs also have demographics on their side. The average CEO among the 170 studied was born in 1929, just before the Depression birth dearth. This restricted supply of executive talent is especially acute considering that women of that



Disney's
MICHAEL EISNER
*Terrific performance, but
is it worth so much?*

	COMPANY	CEO	PAY... ACTUAL...		"RATIONAL"	% HIGHER
			\$000	Rank	\$000	
61	HONEYWELL	Edson W. Spencer	\$1,046	95	\$949	10%
62	RJR NABISCO	F. Ross Johnson	\$1,952	23	\$1,776	10%
63	GOODYEAR TIRE & RUBBER	Robert E. Marcar	\$1,252	71	\$1,149	9%
64	CITICORP	John S. Reed	\$1,786	30	\$1,652	8%
65	NORTHROP	Thomas V. Jones	\$1,133	84	\$1,050	8%
66	BELLSOUTH	John L. Clendenin	\$1,147	83	\$1,071	7%
67	MAXUS ENERGY*	William Bricker	\$695	144	\$656	6%
68	ASHLAND OIL	John R. Hall	\$996	108	\$941	6%
69	ATLANTIC RICHFIELD	Lowdric M. Cook	\$1,492	46	\$1,413	6%
70	DELTA AIR LINES	David C. Garrett Jr.	\$595	151	\$568	5%
71	ARCHER DANIELS MIDLAND	Dwayne O. Andreas	\$977	110	\$936	4%
72	CONAGRA	Charles M. Harper	\$1,284	65	\$1,245	3%
73	RAYTHEON	Thomas L. Phillips	\$1,026	99	\$996	3%
74	TENNECO	James L. Ketelsen	\$1,085	92	\$1,054	3%
75	COLGATE-PALMOLIVE	Reuben Mark	\$1,087	91	\$1,057	3%
76	IU INTERNATIONAL*	John G. Christy	\$900	125	\$876	3%
77	NCR	Charles E. Exley Jr.	\$1,581	40	\$1,548	2%
78	DOW CHEMICAL	Paul F. Orefice	\$1,796	29	\$1,759	2%
79	SUN	Robert McClements Jr.	\$923	120	\$907	2%
80	NYNEX	Delbert C. Staley	\$1,101	90	\$1,083	2%
81	HALLIBURTON*	Thomas H. Cruikshank	\$780	135	\$769	1%
82	PEPSICO	D. Wayne Calloway	\$1,730	34	\$1,707	1%
83	ENSERCH	William C. McCord	\$718	142	\$711	1%
CEOs WHO MADE LESS THAN "RATIONAL" PAY						% LOWER
84	KROGER	Lyle J. Everingham	\$1,117	87	\$1,121	-1%
85	HEWLETT-PACKARD	John A. Young	\$1,256	76	\$1,266	-1%
86	MONSANTO	Richard J. Mahoney	\$1,005	104	\$1,030	-2%
87	TEXACO	James W. Kinnear III	\$793	134	\$813	-3%
88	HUMANA	David A. Jones	\$867	128	\$891	-3%
89	AMERICAN HOME PRODUCTS	John R. Stafford	\$1,349	59	\$1,391	-3%
90	BANKAMERICA CORP.	A. W. Clausen	\$775	136	\$800	-3%
91	BRISTOL-MYERS	Richard L. Gelb	\$1,306	62	\$1,357	-4%
92	PHILLIPS PETROLEUM	Cecil J. Silas	\$729	139	\$761	-4%
93	MCKESSON	Thomas W. Field Jr.	\$953	116	\$997	-4%
94	WASTE MANAGEMENT	Dean L. Buntrock	\$1,482	48	\$1,557	-5%
95	RYDER SYSTEM	M. Anthony Burns	\$1,175	82	\$1,235	-5%
96	NORTH AMERICAN PHILIPS*	Cees Bruynes	\$858	129	\$902	-5%
97	ALLIED-SIGNAL	Edward L. Hennessy Jr.	\$1,405	52	\$1,503	-7%
98	CHASE MANHATTAN CORP.	Willard C. Butcher	\$1,251	72	\$1,339	-7%
99	JOHNSON & JOHNSON	James E. Burke	\$1,396	53	\$1,501	-7%
100	GENERAL DYNAMICS	Stanley C. Pace	\$1,213	76	\$1,309	-7%
101	MANUF. HANOVER CORP.	John F. McGillicuddy	\$874	127	\$951	-8%
102	UNION CARBIDE	Robert D. Kennedy	\$1,021	101	\$1,116	-8%
103	BORDEN	Romeo John Ventres	\$1,235	73	\$1,352	-9%
104	CHEVRON	George M. Keller	\$1,005	105	\$1,115	-10%
105	AMERICAN TEL. & TEL.	James E. Olson	\$1,354	57	\$1,519	-11%
106	FIRST CHICAGO CORP.	Barry F. Sullivan	\$884	126	\$999	-12%
107	WEYERHAEUSER	George H. Weyerhaeuser	\$928	119	\$1,056	-12%
108	EASTMAN KODAK	Colby H. Chandler	\$1,048	94	\$1,194	-12%
109	FIRST INTERSTATE BANCORP	Joseph J. Pinola	\$1,127	85	\$1,287	-12%
110	GENUINE PARTS	Wilton D. Looney	\$655	146	\$750	-13%

*1986 data

COMPENSATION

generation were virtually shut out of the boardroom. Interesting implication: When the surge of baby-boomers, including many women, reaches the top of the corporate ladder, executive pay increases could slow way down or even reverse.

It may happen none too soon. CEO pay in general has increased at a 12.2% compound annual rate over the past decade, double the 6.1% rate for U.S. production workers, according to Sibson & Co., a human resource consulting firm. Several considerations suggest that it's time for those sizzling advances to simmer down.

It is almost a cliché to note that Japanese CEOs are paid much less than their American counterparts, yet deliver superior performance. Yes, they receive considerable compensation in the form of perks, and they view work and pay from an utterly different cultural perspective. But the contrasts with U.S. pay levels are too great to be dismissed that easily (see box, page 78).

The old argument that you can double the CEO's pay and it will be lost in the rounding of earnings is no longer credible. The number is so large these days that doubling it will not get lost even in IBM's earnings. In addition, the CEO's pay level is like a magnet: It draws up all executives' pay. When that happens, the only way the doubling will get lost in the rounding is when you round to the nearest billion.

The claim that you have to pay the CEO a lot of money to yield him a few extra dollars of after-tax income is similarly invalid. As executive pay has headed for the stratosphere, individual tax rates have headed for the basement—down this year to a 28% top marginal rate for people earning over \$150,000.

Although the new tax law has helped executives, it has hurt shareholders. Until tax reform, the payment of \$100 to an executive cost the shareholders only \$54, since the corporate tax rate was 46% and the payment could be deducted on the company's tax return. Now it costs the shareholders \$66, because the new corporate tax rate has been lowered to 34%.

Some would even say that CEO pay at its most stupendous is just wrong. Plato, apparently the world's first compensation



Loews'

LAURENCE TISCH

A real owner-manager—
and your best-buy CEO

	COMPANY	CEO	PAY... \$000	ACTUAL... Rank	"RATIONAL" \$000	% LOWER
111	CAMPBELL SOUP	R. Gordon McGovern	\$849	130	\$973	-13%
112	INTERNATIONAL PAPER	John A. Georges	\$962	113	\$1,121	-14%
113	ABBOTT LABORATORIES	Robert A. Schoellhorn	\$1,537	42	\$1,793	-14%
114	SUBARU OF AMERICA	Harvey H. Lamm	\$510	162	\$596	-14%
115	FLEMING COS.	Richmond D. Harrison	\$687	145	\$804	-15%
116	HOUSEHOLD INTERNATIONAL	Donald C. Clark	\$981	109	\$1,166	-16%
117	EXXON	Lawrence G. Rawl	\$1,648	36	\$1,964	-16%
118	AMERICAN EXPRESS	James D. Robinson III	\$2,224	14	\$2,654	-16%
119	SALOMON	John H. Gutfreund	\$1,340	60	\$1,600	-16%
120	AETNA LIFE & CASUALTY	James T. Lynn	\$1,351	58	\$1,621	-17%
121	XEROX	David T. Kearns	\$1,263	68	\$1,521	-17%
122	PACIFIC TELESIS GROUP	Donald E. Guinn	\$817	133	\$985	-17%
123	SANTA FE SOUTHERN PACIFIC	Robert D. Krebs	\$955	115	\$1,155	-17%
124	MINNESOTA MINING & MFG.	Allen F. Jacobson	\$956	114	\$1,160	-18%
125	CPC INTERNATIONAL	James R. Eisner	\$963	112	\$1,173	-18%
126	US WEST*	Jack A. MacAllister	\$724	140	\$894	-19%
127	J. P. MORGAN & CO.	Lewis T. Preston	\$1,259	69	\$1,556	-19%
128	UNITED TECHNOLOGIES	Robert F. Daniell	\$1,114	88	\$1,390	-20%
129	TRAVELERS CORP.	Edward H. Budd	\$939	117	\$1,207	-22%
130	CAPITAL CITIES COMM./ABC	Thomas S. Murphy	\$923	121	\$1,193	-23%
131	PPG INDUSTRIES	Vincent A. Sami	\$1,003	106	\$1,300	-23%
132	AMERICAN BRANDS	William J. Alley	\$1,006	103	\$1,315	-24%
133	AMERICAN STORES*	L. S. Skoggs	\$1,044	96	\$1,381	-24%
134	SEARS ROEBUCK	Edward A. Brennan	\$1,539	41	\$2,037	-24%
135	DUN & BRADSTREET*	Charles W. Moritz	\$1,127	86	\$1,497	-25%
136	SECURITY PACIFIC CORP.	Richard J. Flanson III	\$1,180	81	\$1,574	-25%
137	PACIFIC GAS & ELECTRIC	Richard A. Clarke	\$538	158	\$727	-26%
138	DAYTON HUDSON*	Kenneth A. Macke	\$1,023	100	\$1,387	-26%
139	PHILIP MORRIS	Hamish Maxwell	\$1,494	45	\$2,046	-27%
140	HOSPITAL CORP. OF AMERICA	Thomas F. Frist Jr.	\$628	149	\$862	-27%
141	MOTOROLA	William J. Weisz	\$967	111	\$1,328	-27%
142	SOUTHERN	Edward L. Addison	\$554	156	\$768	-28%
143	AMERICAN MEDICAL INT'L	Walter L. Weisman	\$650	148	\$908	-28%
144	CBS	Laurence A. Tisch	\$1,181	80	\$1,667	-29%
145	LOCKHEED	Lawrence O. Kitchen	\$929	118	\$1,330	-30%
146	MORRISON KNUDSEN	William J. Deasy	\$426	167	\$615	-31%
147	CHEMICAL NEW YORK CORP.*	Walter V. Shipley	\$1,034	97	\$1,501	-31%
148	ALLEGIS*	Richard J. Ferris	\$583	152	\$849	-31%
149	DRESSER INDUSTRIES	John J. Murphy	\$511	161	\$750	-32%
150	PILLSBURY	John M. Stafford	\$831	131	\$1,220	-32%
151	ARMCO	Robert E. Boni	\$557	155	\$825	-32%
152	COASTAL	Oscar S. Wyatt Jr.	\$912	123	\$1,369	-33%
153	BETHLEHEM STEEL	Walter F. Williams	\$500	164	\$766	-35%
154	TEXAS INSTRUMENTS	Jerry R. Jenkins	\$718	141	\$1,100	-35%
155	DEERE	Robert A. Hanson	\$481	165	\$749	-36%
156	BEVERLY ENTERPRISES	Robert Van Tuyle	\$622	150	\$994	-37%
157	SUPER FOOD SERVICES	Jack Twyman	\$528	160	\$849	-38%
158	BOEING	Frank Shrontz	\$737	138	\$1,193	-38%
159	MCA	Lew R. Wasserman	\$559	154	\$908	-38%
160	FLUOR	David S. Tappan Jr.	\$470	166	\$779	-40%

161-170 ARE LISTED ON PAGE 69.

*1986 data

COMPENSATION

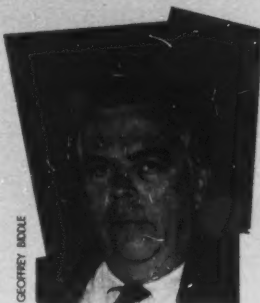
consultant, suggested that the highest-paid person in the community should earn no more than five times the lowest. Management writer Peter Drucker relates approvingly that J. P. Morgan raised that ratio to around 20 and maintained it in his enterprises. There is nothing scientific about those numbers, but they reflect a society's instinctive sense of fairness. Many companies are probably within Morgan's guideline—check the table of CEOs Who Lagged Furthest Behind "Rational" Pay—but many others are not.

Critics and supporters of CEO pay practices agree on the principle of pay for performance. That principle contains plenty of room for argument, but when the chief is turning in stellar results, he can take home an awful lot before anyone gripes.

While everyone can rally round pay for performance, in a rational world that implies risk taking: The CEO's fortunes should rise and fall with his company's. But at many corporations the board has adopted only half the principle. The CEO gets a terrific reward when the company does well—pay for performance, see?—but he still gets a pretty good reward when it does badly.

Boards remove risk in several ways. Some executives receive base salaries of over \$1 million. In addition, much of what is called an annual bonus is nothing more than base salary in drag. If it were not, the relationship between performance and pay would have been much stronger than it was in FORTUNE's study. The CEO with a \$1 million salary may also receive a \$700,000 bonus. If, say, \$600,000 of that bonus is not going to vary with performance, then the CEO's real salary is \$1.6 million.

Companies trumpet stock options as the way to link executive interest with shareholder interest. Yet some of these same companies think nothing of letting their executives swap old option shares for new, lower-priced shares when the market takes it on the chin. So much for the linkage between executives and shareholders.



Bally's
ROBERT MULLANE
Munificent pay, but an uninspiring performance

A number of companies have decided to abandon stock options in favor of restricted stock grants. These are free shares that go to the CEO if he stays with the company for a certain number of years. They have legitimate purposes: holding the CEO and motivating him to increase the value of the shares. But they do not carry a lot of risk. Why not opt out having to achieve an increase in stock price before you receive any reward? Why suffer the criticism of swapping option

shares when the market slumps? Instead, just give the executive the shares and the dividends—for free—and require him only to breathe in and out (on the company payroll) as the quid pro quo.

A few companies give their executives a

trendy new benefit called Stock Depreciation Rights. An executive who is subject to the insider trading provisions, which require him to hold stock for six months, exercises a stock option and begins the holding period. If the share price six months after exercise is higher than the price at exercise, the executive keeps the gain. But if it is lower, he can cash in his Stock Depreciation Rights. Each of these beauties gives him a cash payment to make up the difference. How about that for shareholder linkage? A plummeting share price ends up increasing the company's cost and its outlay of cash.

CEOs who have low-risk pay packages and who hope to be heroes don't understand what makes a hero. General Patton rode with his tanks into the thick of battle. Lee Iacocca said he would accept only \$1 a year and took the risk that his pay would never rise above that. Both triumphed, but that's not the point. Had Patton failed, he would have died, and had Iacocca

IN SEARCH OF JOHN REED'S PAY

■ Here's what you'll need to find out how much John Reed made last year: a Citicorp proxy statement, a calculator, plenty of coffee, and a lot of time.

Start on page 25 of the proxy, where a table of cash compensation reports that CEO Reed earned \$840,300. A footnote indicates that the sum doesn't include any cash bonus earned under the company's Executive Incentive Compensation

Plan. Read 13 further pages of eye-glazing detail on various compensation plans. Then, in a table reporting annual bonuses, you will find that Reed received no bonus at all for 1987. A footnote explains: "No executive officer who is a member of the Policy Committee received an award under the Executive Incentive Compensation Plan relating to 1987, because of the loss reported for the year." The loss was \$1.1 billion, caused by a provision for possible losses on Third World loans.

Ah, you think, a no-fooling, pay-for-performance company. But the very next sentence in the footnote discloses



Citicorp's
JOHN REED
Not such a bad year—if you look hard enough

that Reed got 25,000 restricted shares of company stock during 1987. At Citicorp's 1987 quarterly average stock price of \$27.36, this grant is worth about \$684,000.

Read on. Soon the proxy begins describing a new stock incentive plan needing shareholder approval. You wouldn't expect this section to describe action already taken—but on page 42 nestles a disclosure that in

January the compensation committee granted Reed a further 60,000 restricted shares. Value: \$1,155,000.

Altogether not such a bad year for Reed, but finding that out requires intensive sleuthing.

It needn't be so. Check Chevron's 1988 proxy. The main remuneration table lays it all out, with separate columns for salaries and fees, deferred compensation, incentive cash awards, incentive stock unit awards, and converted performance unit awards (basically long-term cash incentives). If the object is to communicate with shareholders, this is the way to do it.

— G.S.C.



Lucky Stores'
JOHN LILLIE
Superb accomplishment at a bargain price

COMPENSATION

cocca failed, he would have died from a compensation standpoint. That's what makes a hero. You can't be a hero when you walk a high wire over Niagara Falls but keep a safety net six inches underneath, stocked with your favorite beverages.

A couple of specific actions could help restore rationality to CEO pay:

► **Options.** Accounting rules should impose charges to earnings for stock options and other stock-related compensation devices. That would make clear what the options cost the shareholders. The Financial Accounting Standards Board is studying the subject.

► **Disclosure.** The SEC should require full and uniform disclosure in proxy statements of executive compensation payments. Current requirements are far too lax.

Perhaps relatively few companies egregiously overpay their CEOs. But if their directors don't shape up, their sins could be visited upon all executives. In a deep way, Plato and J.

P. Morgan were right: No society is going to tolerate awesome after-tax pay differentials for long unless there is good reason for them to exist. And performance is about the only good reason that comes to mind.

The threat of government action on CEO pay is not all that remote. The government has at least three weapons with which it can discipline executives

who are perceived as overpaid, and it has recently unsheathed two of them against golden parachutes: an increase in the executive's tax rate (20 percentage points on any parachute payment exceeding three years' pay) and a reduction of the company's tax deduction for the expense. The third weapon—outright pay controls—was wielded as recently as 1972 by President Nixon (though for reasons unrelated to fairness of pay levels).

The government is in the business of solving problems that can't be solved any other way. If some companies can't get their acts together to discipline executive pay abusers, then we may have legislation to curb executive pay. Sadly, if that happens, the innocent majority will suffer along with the guilty minority. **E**

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ABROAD, IT'S ANOTHER WORLD

■ And how much do CEOs make outside the U.S.? Less, generally much less. But as business globalizes, the discrepancies may soon start to narrow.

The CEO of a billion-dollar-a-year U.S. corporation makes \$983,000 on average, including all forms of direct pay—salary, bonus, and incentives—according to a survey conducted for FORTUNE by TPF&C, a

New York-based benefits and compensation consulting firm. The chieftain of a French company of comparable size comes in a distant second with \$577,000, followed by his Swiss counterpart at \$468,000, a typical West German at \$403,000, a British boss at \$342,000, and the Japanese CEO at just \$330,000. All pay totals were converted into dollars at current exchange rates.

The major element of the disparity is performance incentives, such as stock options. CEOs outside the U.S. don't get many. Such incentives constitute 60% of total cash compensation for chief executives of the biggest U.S. companies, according to TPF&C, but in West Germany and Japan they add only about 12%. Even in those rare years when performance incentives don't kick in, U.S. chiefs remain the superchiefs. In a recent study, the Wyatt Co., an employee benefits and compensation consulting firm, looked just at base pay and normal bonuses and found that Japanese and German chief executives net only about 65% of what their well-heeled American brethren take home, after the effects of higher taxes and costs of living in those countries are figured in. Elsewhere the headman's buying power is even worse.

Certain perquisites offered outside the U.S. balance the scales a bit. The U.S. is the only one of 20 major countries surveyed by TPF&C where a car (often with a driver) is not usually provided to the CEO of a \$100-million-a-year company. And in many countries with confiscatory tax policies, companies offer tax-favored perks such as club memberships, augmented pensions, and entertainment and housing allowances.

But, says Michael Emig, a principal with Wyatt Co., "the order of magnitude of these perks is nothing compared with how much wealth U.S. executives can accumulate over a period of time."

Americans hold a distinctive view of the CEO's relation to the rest of a company's employees. Most European and Japanese managers feel an organization suffers when the

CEO receives an astronomical multiple of the typical employee's check. A recent study found that a European CEO's pay was generally six to eight times that of an entry-level professional. In the U.S. the ratio was 14. "There's more of a consensus approach to managing in a country like Germany," says Brian Brooks, an international compensation consultant with TPF&C. "When you put workers on the board, as they often do, that creates pressure to keep executive pay down."

The American obsession with superstars also helps drive up the chief's pay. Says TPF&C's David Swinford: "In Europe and Japan they still reward longevity and loyalty by promoting from within, whereas we find a home-run hitter and pay to get him as a free agent." Adds Lance Berger of Philadelphia's Hay Group: "Each time a CEO changes jobs, it cranks the whole market up a notch."

That constant cranking in the U.S. is starting to ratchet up pay around the world. The market for CEOs, along with everything else, is becoming increasingly international, and it is not unusual these days for the CEO of a big, recently acquired American subsidiary of a European or Japanese company to be making up to twice as much as his boss overseas. That may be one reason Britain's Lord Hanson, chairman and CEO of the acquisitive Hanson PLC, recently wrote in his company's annual report that British executives of multinationals should receive "global" (read "U.S.") pay rates. Lord Hanson's board practices what he preaches. His pay last year was nearly £1.3 million (\$2.4 million), enough to place him well up in America's major leagues. — David Kirkpatrick



HARRY BENSON

Warner's
STEVEN ROSS

His company does fine, but
he does much better

NOW THE WORRY IS TOO MUCH GROWTH

Businesses could get carried away with capital spending plans, producing a boom-and-bust cycle. They should follow consumers, who are lightening up on outlays. ■ by Vivian Brownstein

IS THE long expansion of the 1980s about to blow its cool? Growth is unexpectedly strong, unemployment is down to a 14-year low, and long-term interest rates reflect worries about rising inflation. It all seems eerily like last fall, when the economy was saved from overheating only by the cold shower of the stock market crash.

The risks to the recovery have indeed shifted from weakness to an excess of strength, as the Federal Reserve tacitly acknowledged when it recently nudged up short-term interest rates, triggering an increase in the prime bank rate from 8.5% to 9%. Inflation will rise—FORTUNE expects it to be running at an annual rate of about 5% by year's end. But do not rush to batten down for a classic boom-and-bust climax.

Take inventories, which added more than expected to GNP growth in the first quarter and heightened the sense that the economy was getting out of kilter. Aided by scanners, computerized ordering systems, and other technical marvels, businesses have been quick to correct every nascent inventory overhang since the recovery began. That has made for a choppy pattern of growth from quarter to quarter, one that has often obscured the underlying direction of the economy. It has also helped the expansion live to its ripe age. But when the rapid first-quarter buildup came hard on the fourth-quarter bulge, it appeared that business might be losing its grip. Not so, executives insist. Those who responded during April to FORTUNE's spring survey said they were basically comfortable with the size of their in-



Volatile car sales can't mask the trend: Outlays for goods other than food are growing more slowly. Home electronics, such as these big-screen TVs, were among the few recent gainers.

ventories (Fortune Forecast, May 23).

The most recent alarm about overheating comes from the sizzling pace of outlays for capital goods. Adjusted for inflation, spending on construction and equipment increased at an annual rate of 20% in the first quarter—vs. just 5% during 1987. If companies follow plans they reported to the Commerce Department recently, capital outlays will not add any more to GNP growth this year. The danger is that business will get overenthusiastic, as it has done before, and boost

the planned spending out of proportion to real-world needs. Rising interest rates would not be likely to dissuade higher spending. But business has also shown that it can be realistic and trim its plans when the need for added capacity fails to materialize. And with a few exceptions, capacity use is not overly tight.

Consumers, far from catching spending fever, have made the shift to slower growth that is a critical part of the prescription for eventually solving America's trade woes. In fact, many consumer watchers are now more worried about too little spending. Outlays have slowed from the rapid inflation-adjusted average annual increase of 4.5% during the first four years of the expansion.

After satisfying much of the demand they had postponed during the 1980-82 recession, consumers cut the growth in their spending to an average of 2% in 1987. Their purchases have grown more slowly for virtually all types of goods and many types of services, especially for recreation and personal care. There is little evidence of another consumption orgy in the making. The University of

THE ECONOMY

Michigan's Survey Research Center and Sindlinger & Co., a consumer research firm, report only modest buying intentions for the coming six months or year.

Retail sales declined in April, the first drop in six months, at least partly because of an early Easter and bad weather. But the sales weakness was widespread, and probably not all related to special factors. Car sales are not likely to increase over the next year or so. To be sure, the buying comes in surges, dictated by the waves of incentives the automakers keep laying on. It's hard to sell a car these days without some gimmick or other. Foreign-car dealers, once aloof, have also been forced to offer rebates and low-cost financing to keep up with Detroit, especially now that their prices have been boosted by the fallen dollar.

But incentives can only borrow from future demand, making selling harder later on. According to Edward J. Sullivan, director of automotive consulting at the WEFA economic forecasting firm, the basic market for autos is growing by fewer than 100,000 units a year. WEFA forecasts that sales calculated on their trend estimates will be 11.2 million a year by 1995. Including the light pickup trucks and minivans that many people are buying instead of passenger cars, says Sullivan, 1995 sales could reach 16.1 million units. Whether you look at cars or all vehicles, recent sales have been on trend, running at a 10.8 million annual rate for cars and 4.8 million for light trucks.

FAMILIES are more likely to step up their purchases of other durable goods, such as furniture or electronic equipment. Measured as a share of after-tax income, the furniture that consumers have accumulated amounted to no more last year than it did in 1980 and was only 1.2 percentage points higher than in 1950 (see table). Given the number of new housing units built since 1980, more than ten million, furniture hardly looks oversold. The domestic supply of home electronics equipment is growing rapidly for different reasons: Irresistible new products, such as CD players, keep coming along. So the consum-

er electronics market will remain strong.

Soft goods are taking the hit. Apparel, in particular, is languishing: Adjusted for inflation, sales have fallen in three of the past six quarters, including a 4.8% rate of decline so far in 1988. So it's odd that the industry has recently raised many prices. Consumer economist Rosalind Wells, president of Wells & Associates, a consulting firm, doubts that the increases will stick. One reason the market is weak, she says, is that the arbiters of fashion miscalculated in pushing short hemlines. Instead of deciding whether to go long or short, women are just saying no. After the fashion stale-

cepted wisdom that Americans are likely to salt away a smaller share of income than the 7% their parents and grandparents did. One putative reason: Pension plans and Social Security reduce the need to save for retirement.

BUT PART of the reported drop in savings reflects a change in business behavior. Drexel Burnham Lambert senior economist David W. Rolley estimates that corporations have reduced their contributions to pension plans by some \$30 billion a year because the value of pension assets was growing much faster than liabilities. That lowered the savings rate by one point—but the change did not reflect any shift in the saving or spending habits of householders. Still, few experts claim to have the whole explanation for the savings slump. So the recent higher rate raises the nagging worry that consumers could just as unaccountably turn virtuous and rush back to saving, say, 6% of their income. That would demolish spending.

More likely, consumers will hold savings steady as income growth slows. The rapid expansion of jobs during the past half-year, a million more than expected, has helped total wage and salary incomes increase at better than a 6% annual rate—4% after inflation. But the rise in employment should slow by the second half, if not sooner. And inflation is likely to take a bigger bite out of earnings.

Disposable incomes were boosted by lower withholding rates at the start of the year, but higher Social Security taxes have more than offset the gain. Some analysts expect that refunds will be unusually large this year because of overwithholding in 1987. In any case, the major effects of tax reform on consumers' disposable income will be over by midyear. After that, real disposable income will advance at a rate of 2.5%, compared with 4.5% in the past six months.

It shouldn't take heroic efforts to keep the expansion safe from both excess and decline. Consumers are likely to provide a fairly sturdy spending foundation over the next year or so. They certainly look sanguine; the April confidence reading taken by the Conference Board is within 1.1 percentage points of the pre-crash September average. At the same time, consumers will not be spending enough to validate a capital goods superboom. What remains is for business planners to recognize the virtues of moderation. **E**

... and how the hardgoods add up

Consumers' stock of durables as share of after-tax income				
	AUTOS	FURNITURE	APPLIANCES	HOME ELECTRONICS
1950	17.4%	11.0%	3.6%	1.2%
1960	25.4%	11.9%	5.9%	2.3%
1970	25.8%	11.2%	6.2%	3.8%
1980	31.6%	12.2%	7.8%	6.5%
1986	37.4%	12.1%	8.1%	9.9%
1987 est.	38.5%	12.2%	8.6%	11.0%

Valued in constant 1982 prices, the electronics in the typical U.S. home have passed appliances and are rapidly getting to be worth as much as the furnishings. Cars are worth more than everything else combined.

mate ends, sales will pick up, but not enough to justify big price increases.

The recent rise in interest rates will not crimp consumer spending much—increases rarely do. Besides, thanks in part to tax reform, more and more people are forsaking traditional types of installment loans as the interest deduction evaporates and replacing them with mortgage borrowing, including revolving home equity loans. Such secured loans also tend to carry lower rates, meaning that average interest payments are probably declining.

Recently consumers have been able to lift spending modestly and still put more money away. From a low 2.8% of disposable income last summer, the savings rate bounced to 4.8% in the fourth quarter, partly in response to the scare produced by the stock market crash. Now savings appear to have settled at 4.5% of income, the same as in 1985, and a touch above what FORTUNE expected for this year.

Consumer saving, which once followed a fairly predictable pattern, is now a perpetual mystery to economists. It has become ac-

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FORTUNE

THE SERVICE

500

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THE FORTUNE SERVICE 500

MORE WOES THAN WINNINGS

▼ Among the exceptional performers in an otherwise bleak service economy was Walt Disney. That's Minnie and Mickey at Florida's Magic Kingdom.

SHOPPERS supplied most of the oomph in the service economy last year. By keeping cash registers ringing even after many economists thought they would be immobilized by the stock market crash, consumers carried the 50 largest retailers to a 9% jump in total profits. But aside from that and some gains by diversified service companies, life insurers, and the transportation sector, the FORTUNE

Service 500 had a rough time in 1987. The dazzling results of an elite group of service companies were overwhelmed by a post-crash slump in the brokerage business, sour loans at savings institutions, and huge write-offs in Third World debt that produced a \$5.3 billion loss for the largest commercial banks. Overall profits for the Service 500 plunged 22%. Compare that with the FORTUNE 500 industrial corporations—those smoke-

stack companies that had suffered so long—whose profits rose a remarkable 41% last year (see FORTUNE, April 25).

Retailing had several standout performers, but the champ was Wal-Mart, whose sales go right on doubling every three years or so. Last year the Arkansas discount chain moved up from No. 7 to No. 5 among retailers, with \$16 billion in sales. Wal-Mart placed even better—No. 3—in profits and in return on stock-



holders' equity. It is still a long way from toppling league leader Sears, which managed a 22% jump in profits despite the high cost of promoting its Discover charge card. Sears chief Edward Brennan can at least take comfort that the card turned a small profit in the first quarter of 1988 after \$400 million of pretax losses in two years.

Even as they kept the aisles filled with customers, some retailers found themselves on shopping lists. Canada's Robert Campeau, who picked up Allied Stores (No. 27), got into a bidding war early this year with R.H. Macy (No. 20) for Federated (No. 8). Campeau's winning bid of \$6.6 billion leaves him with a mountain of debt, which he will retire by selling some of Federated's operations.

Rebirth and restructuring put

a glow on some of the 100 largest diversified service companies, whose total earnings rose 7%. Walt Disney's formerly lackluster movie studios have become hit factories under the three-year reign of CEO Michael Eisner, and revenues from theme parks have rocketed following steep increases in admission prices. Disney moved up the diversified service list from No. 28 to No. 20 in sales, delivering profits the way the sorcerer's apprentice delivered water in the movie *Fantasia*. On an 80% increase in profits last year, Disney jumped all the way from No. 8 by that ranking to No. 2.

CBS's story, by contrast, was one of retrenchment. The television network plunged from No. 4 in sales to No. 25 as cost-cutting boss Laurence Tisch shucked

BIGGEST GAINERS

THE TEN LARGEST INCREASES IN SALES

	RANK	
MAXICARE HEALTH PLANS	S-39	97.2%
TEXAS AIR	T-3	92.3
AMERICA WEST AIRLINES	T-35	74.9
LOMAS & NETTLETON FINAN.	F-35	68.0
USAIR GROUP	T-16	63.5
SOUTHBARK	F-40	62.5
PHH GROUP	S-53	57.3
RITE AID	R-38	56.3
ALASKA AIR GROUP	T-27	51.2
BINDLEY WESTERN	S-68	48.4

THE TEN LARGEST INCREASES IN PROFITS

TEXAS EASTERN	U-44	7,482.6%
ALLEGIS	T-1	2,788.9
DELTA AIR LINES	T-9	457.7
FIRST COMMERCE CORP.	B-98	440.8
FIRST SECURITY CORP.	B-90	430.8
KROGER	R-4	379.0
AMERICAN PRESIDENT COS.	T-19	340.3
FARM HOUSE FOODS	S-92	293.3
HUMANA	S-22	235.8
TW SERVICES	S-31	200.8

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BIGGEST LOSERS

THE TEN LARGEST DECREASES IN SALES

AON	F-30	89.8%
CBS	S-25	43.6
CARTER HAWLEY HALE STORES	R-33	29.8
CHARTER	S-74	28.9
GELCO	S-98	28.4
SOUTHLAND	R-12	27.1
BENEFICIAL	F-31	25.2
ENRON	U-28	24.7
CULBRO	S-88	23.7
PS GROUP	S-99	23.2

THE FIVE LARGEST DECREASES IN PROFITS

BANKERS TRUST N.Y. CORP.	B-8	99.7%
AMERICAN CAPITAL CORP.	I-29	98.0
RIGGS NATIONAL CORP.	B-69	97.2
UNITED BANKS OF COLORADO	B-82	97.0
SECURITY PACIFIC CORP.	B-6	95.9

THE FIVE LARGEST LOSSES

	\$ MIL.
MAN. HAN. CORP.	B-7 \$1,140
CITICORP	B-1 \$1,138
FST. CITY BANCORP. OF TEX.	B-46 \$1,130
BANKAMERICA CORP.	B-3 \$955
CHASE MANHATTAN CORP.	B-2 \$895

Sales comparisons exclude commercial and savings banks, diversified financial and life insurance companies. Profit comparisons exclude life insurance companies and money losers.

PROFIT LEADERS

THE TEN HIGHEST RETURNS ON SALES

	RANK	
AON	F-30	84.4%
ARGONAUT GROUP	F-50	40.1
ILLINOIS POWER	U-39	23.7
FARMERS GROUP	F-39	23.7
OHIO EDISON	U-27	23.2
PINNACLE WEST	U-33	21.7
CENTERIOR ENERGY	U-16	20.1
DETROIT EDISON	U-18	19.4
COMMONWEALTH EDISON	U-11	19.1
ALEXANDER & BALDWIN	T-28	18.4
THE SERVICE 500 MEDIAN		2.9

Commercial banks, savings institutions, and life insurance companies are not included.

THE TEN HIGHEST RETURNS ON STOCKHOLDERS' EQUITY

	RANK	
TIGER INTERNATIONAL	T-22	287.7%
MISSOURI-KANSAS-TEXAS R.R.	T-48	155.7
SERVICEMASTER	S-50	142.2
AMERICAN FINANCIAL	F-28	77.0
CHARTER	S-74	56.0
SUN CARRIERS	T-34	49.5
LUCKY STORES	R-15	46.3
ARGONAUT GROUP	F-50	42.2
AIR EXPRESS INTERNATIONAL	T-41	41.0
RELIANCE GROUP HOLDINGS	F-29	40.6
THE SERVICE 500 MEDIAN		11.5

Life insurance companies are not included.

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In the fast-growing Wal-Mart discount chain, "people greeters" like Edyth

businesses. The good news? CBS's profits, up 21%, were the highest in the group.

For all its profit growth, the diversified service sector had some significant losers. Michael Dingman at least managed to pare the huge losses at Henley Group (No. 14), a collection of companies also known as Dingman's Dogs, by one-third, to \$278 million. But the shakeout in health care left some other companies worse off than they had been. Hospital Corp. of America (No. 4), a moneymaker in the previous year, recorded a \$58 million loss. Maxicare Health Plans (No. 39) had a \$256 million hemorrhage.

Diversified financial companies squeaked through 1987 with a mere 2.8% increase in total profits. Federal National Mortgage Association (No. 2), as well as Transamerica (No. 13) and insurer American International Group (No. 10), posted laudable gains. But profits dipped at other big insurers and

REPORTER ASSOCIATE Mark Alpert

a host of brokerage firms. Even top-ranked American Express endured a 57% decline, with earnings partly dragged down by a bad showing at the Shearson Lehman brokerage firm, 62% owned by the travel titan.

The profit news looked good at two other service groups last year, but it was not really much to cheer about. The 50 largest life insurers together scored an 11% increase in net gain from operations, a measure akin to profits. But because of the nature of the business, year-to-year fluctuations, even of this magnitude, prove little. Earnings of the 50 biggest transportation companies were up nearly ninefold in 1987. But it was easy to rebound from the previous year, when a rash of restructurings and write-offs on the eve of tax law changes had virtually wiped out earnings. Burlington Northern, for example, had shown an \$860 million loss. Last year the railroad (No. 6) was back on the profitability express

INVESTMENT PERFORMANCE

THE TEN HIGHEST TOTAL RETURNS TO INVESTORS, 1977-87 ANNUAL AVERAGE*

	RANK	
CHARTER MEDICAL	S-86	52.1%
FOOD LION	R-32	51.4
WAL-MART STORES	R-5	46.0
COMDISCO	S-61	43.4
M.D.C. HOLDINGS	S-93	39.9
STATE STREET BOSTON CORP.	B-68	39.7
WASTE MANAGEMENT	S-26	39.3
GIANT FOOD	R-37	38.2
DCNY	F-41	36.3
BROWNING-FERRIS IND.	S-46	35.9

THE FIVE LOWEST

FIRST CITY BANCORP. OF TEX.	B-46	-27.7
MCORP	B-33	-12.0
TEXAS AMER. BANCSHARES	B-88	-11.5
TRANSCON	T-44	-10.5
EQUIMARK CORP.	B-100	-10.3
THE SERVICE 500 MEDIAN		16.9

*Life insurance companies are not included.

THE TEN HIGHEST TOTAL RETURNS TO INVESTORS, 1987*

	RANK	
FOOD LION	R-32	111.1%
HOLIDAY	S-45	70.1
NIKE	S-76	70.0
GREAT A & P TEA	R-13	61.7
SANTA FE SOUTHERN PACIFIC	T-8	58.9
MCI COMMUNICATIONS	U-43	50.0
VALLEY FEDERAL S&L ASS'N	I-47	48.9
AMFAC	S-33	46.0
OGDEN	S-79	43.3
GIANT FOOD	R-37	42.4

THE FIVE LOWEST

FIRST CITY BANCORP. OF TEX.	B-46	-87.9
FINANCIAL CORP. OF AMERICA	I-1	-85.0
FIRST REPUBLICBANK CORP.	B-13	-79.1
MAXICARE HEALTH PLANS	S-39	-77.6
TEXAS AMER. BANCSHARES	B-88	-77.2
THE SERVICE 500 MEDIAN		-11.5

*Life insurance companies are not included.

Lammey in Rogers, Arkansas, say hi.

with earnings of \$369 million.

From here, the news is all downhill. Profits of the largest 50 utilities were off somewhat, partly because state regulators barred several electric companies from passing on all of the costs of nuclear plants to customers. That helped create a \$557 million loss at Niagara Mohawk Power (No. 32). The 50 largest savings institutions suffered a horrendous 63% drop in profits as more and more bad loans were written off.

The 100 largest commercial banks took the real bath, with the top 19 companies on the list all reporting pinched earnings or towering losses. Leading the losers were Manufacturers Hanover (No. 7) and top-ranked Citicorp, both of which set aside enormous reserves for a chunk of their Third World loans and wound up more than \$1 billion in the deficit column. These losses far outweighed solid profit gains at robust regional banks.

— Reed Abelson and
Charles A. Riley II

PRODUCTIVITY

THE TEN HIGHEST IN SALES PER DOLLAR OF STOCKHOLDERS' EQUITY

	RANK	
TIGER INTERNATIONAL	T-22	\$61.33
TURNER	S-24	55.97
ROUNDY'S	S-42	36.98
SERVICEMASTER	S-50	33.79
FARM HOUSE FOODS	S-92	25.84
LEASEWAY TRANS.	T-21	25.73
ARA HOLDING	S-9	25.59
MAYFLOWER GROUP	T-29	25.27
AMERICAN FINANCIAL	F-28	24.49
BINDLEY WEST. IND.	S-68	24.17

THE FIVE LOWEST

PINNACLE WEST CAPITAL	U-33	\$5.7
ILLINOIS POWER	U-39	.57
LONG ISLAND LIGHTING	U-25	.55
OVERSEAS SHIPHOLDING GP.	T-46	.44
AON	F-30	.16
THE SERVICE 500 MEDIAN		3.10

*Commercial banks, savings institutions, and life insurance companies are not included.

THE TEN HIGHEST IN SALES PER EMPLOYEE

	RANK	\$ THOU.
FED. NAT'L MORT. ASS'N	F-2	\$4,031
GELCO	S-98	3,715
BINDLEY WEST. IND.	S-68	2,814
SUBARU OF AMERICA	S-40	1,700
GENERAL RE	F-25	1,430
STUD. LOAN MARKETING	F-14	1,397
EMERSON RADIO	S-87	1,157
COMDISCO	S-61	1,068
KAY	S-96	1,017
ENRON	U-28	879

THE FIVE LOWEST

OGDEN	S-79	\$23
SOUTHMARK	F-40	22
TW SERVICES	S-31	21
AON	F-30	20
BEVERLY ENTERPRISES	S-35	19
THE SERVICE 500 MEDIAN		157

*Commercial banks, savings institutions, and life insurance companies are not included.

THE 100 LARGEST DIVERSIFIED SERVICE COMPANIES

RANK BY SALES	1987	1986	COMPANY	SALES ¹ \$ Millions	ASSETS \$ Millions	Rank	PROFITS \$ Millions	Rank	STOCKHOLDERS' EQUITY \$ Millions	Rank
1	1		SUPER VALU STORES Eden Prairie, Minn. ²	9,371.7	2,016.2	37	111.8	18	677.4	27
2	2		FLEMING COS. Oklahoma City	8,608.1	1,342.1	41	49.5†	37	522.1	39
3	3		MCKESSON San Francisco ³	6,671.6	2,207.6	28	89.7	23	762.2	23
4	6		HOSPITAL CORP. OF AMERICA Nashville	4,675.9	6,182.6	1	(58.4)	90	1,945.7	6
5	12		RYDER SYSTEM Miami	4,609.1	5,770.6	2	187.1	10	1,414.0	12
6	10		NATIONAL INTERGRAPH Pittsburgh ⁴	4,541.3	2,098.6	30	(45.0)	88	745.7	25
7	11		CAPITAL CITIES COMM./ABC New York	4,440.3	5,378.4	4	279.1	9	2,224.9	3
8	8		ELECTRONIC DATA SYSTEMS Dallas ⁴	4,323.8	2,957.9	23	323.1	8	1,053.5	14
9	13		ARA HOLDING Philadelphia ⁵	4,019.0	1,656.4	36	21.6	59	157.0	71
10	5		FLUOR Irvine, Calif. ⁶	3,924.5	2,061.2	32	26.6**	56	531.7	37
11	15		WETTERAU Hazelwood, Mo. ³	3,842.2	682.8	66	35.0	46	209.9	64
12	16		SYSCO Houston ⁷	3,655.9	860.3	59	61.8	28	456.0	41
13	7		ALCO STANDARD Valley Forge, Pa. ⁸	3,616.5	1,324.3	42	80.2	25	604.3	29
14	17		HENLEY GROUP La Jolla, Calif.	3,516.0	4,698.0	6	(278.0)	97	3,364.0	1
15	21		WARNER COMMUNICATIONS New York	3,403.6	3,897.0	9	328.1	5	1,541.7	11
16	19		BERGEN BRUNSWIG Orange, Calif. ⁹	3,376.0	785.0	61	15.9	62	188.7	66
17	20		NATIONAL MEDICAL ENTERPRISES Los Angeles ⁹	3,370.0†	3,434.0	15	63.0†	27	925.0	18
18	14		HALLIBURTON Dallas	3,368.0	3,270.6	20	48.1	39	2,081.5	5
19	18		DUN & BRADSTREET New York	3,359.2	3,316.8	19	393.0	3	1,663.8	9
20	28		WALT DISNEY Burbank, Calif. ³	3,140.0	3,806.3	10	444.7	2	1,845.4	8
21	31		GULF & WESTERN New York ^{4,10}	2,903.6	4,928.9	5	356.1	4	2,106.6	4
22	24		HUMANA Louisville, Ky. ⁸	2,831.8	3,208.8	21	182.8	11	1,012.0	15
23	22		ENSERCH Dallas	2,796.1	3,336.5	18	30.5	51	783.2	21
24	27		TURNER New York	2,789.9	981.8	52	(22.3)	84	49.8	93
25	4		CBS New York	2,762.0	3,910.2	8	452.5	1	1,201.6	13
26	35		WASTE MANAGEMENT Oak Brook, Ill.	2,757.6	3,351.2	17	327.1	6	1,885.3	7
27	26		ASSOCIATED MILK PRODUCERS San Antonio	2,755.3	462.4	76	7.0	72	136.1	78
28	25		AMERICAN MEDICAL INT'L Beverly Hills, Calif. ³	2,703.5	3,712.3	12	105.4	20	959.4	16
29	30		GENUINE PARTS Atlanta	2,606.2	1,026.8	49	148.3	14	760.3	24
30	29		NCA Universal City, Calif.	2,589.6	3,534.8	13	137.3	16	1,557.6	10
31	38		TW SERVICES New York	2,492.2	2,114.3	29	47.2	40	450.3	42
32	23		GREYHOUND Phoenix	2,259.0	3,408.8	16	25.1†	57	937.1	17
33	36		AMFAC San Francisco	2,195.1	1,078.3	47	5.0	76	411.6	46
34	33		BERKSHIRE HATHAWAY Omaha	2,174.3	5,379.7	3	234.6	9	2,841.7	2
35	34		BEVERLY ENTERPRISES Pasadena, Calif.	2,093.6	2,072.0	31	(30.5)†	86	569.0	34
36	43		NASH FINCH St. Louis Park, Minn.	1,919.5	352.2	83	18.5	60	142.8	75
37	32		MORRISON KNUDSEN Boise, Idaho	1,865.6	898.5	56	(59.5)	93	355.1	50
38	•		HERTZ CORPORATION New York	1,862.0	2,912.0	24	54.0	33	735.0	26
39	73		MAXICARE HEALTH PLANS Los Angeles	1,802.9	992.3	51	(255.9)	96	(29.3)	99
40	37		SUBARU OF AMERICA Cherry Hill, N.J. ⁴	1,785.0	647.0	67	(30.0)	85	267.5	57
41	39		CASTLE & COOKE Los Angeles	1,749.1	1,624.8	37	84.1	24	531.9	36
42	40		ROUNDY'S Pewaukee, Wis.	1,738.9	261.5	92	5.8	74	47.0	94
43	53		ALCO HEALTH SERVICES Valley Forge, Pa. ⁸	1,732.9	468.2	74	18.0	61	141.8	76
44	42		BALLY MANUFACTURING Chicago	1,676.3	2,525.1	25	57.1	30	570.3	33
45	41		HOLIDAY Memphis	1,662.7	2,399.3	26	108.1	19	(769.9)	100
46	51		BROWNING-FERRIS INDUSTRIES Houston ⁸	1,656.6	1,937.6	35	172.0	12	874.5	20
47	46		IU INTERNATIONAL Wilmington, Del.	1,576.0	899.3	55	28.6**	52	239.6	60
48	49		AVNET New York ⁷	1,539.3	1,062.4	48	22.8	58	657.9	28
49	48		SUPER FOOD SERVICES Dayton, Ohio ⁸	1,535.0	210.8	96	11.9	65	79.7	89
50	62		SERVICEMASTER Downers Grove, Ill.	1,425.3	371.1	81	60.0	29	42.2	96

THE DEFINITIONS AND CONCEPTS UNDERLYING THE FIGURES IN THIS DIRECTORY ARE EXPLAINED ON PAGE D37.

• Not on last year's list.

† Includes sales from discontinued operations of at least 10%.

** Reflects an extraordinary credit of at least 10%; see the explanations of "profits" and "earnings per share" on page D37.

‡ Reflects an extraordinary charge of at least 10%; see the explanations of "profits" and "earnings per share" on page D37.

§ Dividends paid on mandatory redeemable preferred stock subtracted from net income.

N.A. Not available.

¹ Net sales include all operating revenues and revenues from discontinued operations when they are published. All figures are for the fiscal year that ended December 31, 1987, unless

THE SERVICE 500

	EMPLOYEES		PROFITS AS PERCENT OF				EARNINGS PER SHARE				TOTAL RETURN TO INVESTORS				RANK	
	Number	Rank	SALES		STOCKHOLDERS' EQUITY		1977-87 annual growth rate			1987		1977-87 annual average		1987		
			%	Rank	%	Rank	1987/\$	1986/\$	1977/\$	%	Rank	%	Rank			
	33,595	15	1.2	56	16.5	27	1.50	1.23	0.31	17.2	16	(25.7)	70	19.0	34	1
	18,620	26	0.6	73	9.5	55	1.86†	1.80	1.14	5.0	43	(18.5)	66	16.6	44	2
	17,000	31	1.3	54	11.8	46	2.07	1.98	1.31	4.7	44	(13.4)	59	18.0	38	3
	63,000	5	—	—	—	—	(0.71)	2.08	0.65	—	—	4.5	33	18.1	37	4
	41,213	11	4.1	32	13.2	36	2.29	2.09	0.73	12.0	25	(19.4)	69	23.5	21	5
	7,492	56	—	—	—	—	(2.46)	(4.50)	3.12	—	—	(12.8)	58	—	—	6
	20,120	24	6.3	22	12.5	41	16.46	27.55**	3.13	18.0	13	28.8	10	27.9	14	7
	43,433	10	7.5	15	30.7	4	N.A.	N.A.	N.A.	—	—	—	—	—	—	8
	119,000	2	0.5	74	13.8§	32	N.A.	N.A.	N.A.	—	—	—	—	—	—	9
	14,351	42	0.7	67	5.0	69	0.33**	(0.76)	1.49	(14.0)	56	20.4	18	3.8	68	10
	11,500	47	0.9	63	16.7	25	2.82	2.90	1.41	7.2	40	(10.0)	53	14.1	53	11
	12,000	45	1.7	50	13.6	34	1.40	1.34	0.28	17.3	15	(8.7)	49	30.0	13	12
	16,400	36	2.2	45	13.3	35	1.81	1.33	1.03	5.7	41	0.1	37	18.4	35	13
	16,500	35	—	—	—	—	(2.87)	(5.33)	N.A.	—	—	(5.0)	44	—	—	14
	8,900	54	8.8	12	21.3	14	2.09	1.36	0.75	10.9	27	24.3	15	21.5	28	15
	4,000	73	0.5	75	8.4	58	1.19	1.54	(0.03)	—	—	(0.9)	39	27.9	15	16
	75,000	4	1.9	48	6.8	65	0.83†	1.08†	0.37	8.4	36	(13.9)	60	24.2	20	17
	48,600	7	1.4	53	2.3	75	0.45	(4.85)	3.03	(17.4)	59	4.6	32	1.1	72	18
	60,000	6	11.7	7	23.6	10	2.58	2.23	0.53	17.2	17	6.6	30	25.6	17	19
	30,000	19	14.2	3	24.1	9	3.23	1.82	0.63	17.7	14	38.1	6	21.5	30	20
	19,300	25	12.3	4	16.9	24	5.76	4.28**	2.32	9.5	34	13.9	25	27.2	16	21
	46,500	8	6.5	18	18.1	21	1.86	0.56	0.16	27.8	4	4.2	34	31.4	10	22
	16,500	34	1.1	59	3.9	71	0.27	0.17	1.77	(17.1)	58	11.9	26	9.5	63	23
	3,373	75	—	—	—	—	(5.09)	2.41	0.75	—	—	(17.1)	65	15.5	51	24
	16,900	32	16.4	2	37.7	3	17.74	15.42	6.50	10.6	28	25.8	13	17.0	41	25
	30,650	18	11.9	6	17.3	23	1.46	1.76	0.15	25.3	6	36.5	8	39.3	4	26
	4,188	70	0.3	78	5.1	68	N.A.	N.A.	N.A.	—	—	—	—	—	—	27
	40,000	12	3.9	33	11.0	49	1.20	(1.13)	0.50	9.1	35	(10.6)	55	13.2	56	28
	14,680	40	5.7	23	19.5	19	1.88	1.52	0.71	10.2	30	25.3	14	16.7	42	29
	16,800	33	5.3	24	8.8	56	1.82	2.02	1.37	2.9	47	(8.8)	50	15.5	50	30
	120,000	1	1.9	47	10.5	51	0.97**	0.27	N.A.	—	—	(0.2)	38	—	—	31
	29,694	20	1.1	58	2.7§	73	0.62†	4.09	1.88	(10.5)	54	(14.8)	61	14.0	54	32
	18,000	30	0.2	79	1.2	79	0.04	(4.27)	1.22	(28.9)	61	46.0	3	10.8	61	33
	23,000	22	10.8	8	8.3	59	204.51	246.19	29.29	21.5	10	4.6	31	35.8	6	34
	110,000	3	—	—	—	—	(0.54)†	0.71†	0.27	—	—	(56.7)	82	19.6	33	35
	9,000	53	1.0	61	13.0	38	1.75	1.35	0.83	7.7	37	7.2	29	—	—	36
	14,481	41	—	—	—	—	(5.51)	3.60	1.96	—	—	(18.8)	68	16.4	46	37
	15,600	37	2.9	44	7.3	63	N.A.	N.A.	N.A.	—	—	—	—	—	—	38
	6,500	59	—	—	—	—	(7.65)	0.13	N.A.	—	—	(77.6)	87	—	—	39
	1,130	93	—	—	—	—	(0.62)	1.92	0.09	—	—	(68.3)	84	24.5	7	40
	39,250	13	4.8	27	15.8	28	1.78	0.56	1.89	(0.6)	51	(3.9)	41	7.5	64	41
	4,685	65	0.3	76	12.2	42	N.A.	N.A.	N.A.	—	—	—	—	—	—	42
	2,683	80	1.0	60	12.7	40	1.39	1.20	N.A.	—	—	(7.0)	46	—	—	43
	29,521	21	3.4	37	10.0	52	1.62	0.81	0.80	7.2	39	(34.1)	76	5.0	66	44
	44,272	9	6.5	17	—	—	4.42	4.15	1.71	10.0	33	70.1	1	25.4	18	45
	18,200	27	10.4	9	19.7	17	1.15	0.95	0.17	20.8	11	26.9	12	35.9	5	46
	15,000	38	1.8	49	11.9	45	0.48**	3.22**	1.75	(12.1)	55	(10.1)	54	12.1	58	47
	9,500	52	1.5	52	3.5	72	0.64	0.67	1.27	(6.6)	53	(6.3)	45	15.2	52	48
	1,958	85	0.8	64	15.0§	31	1.68	1.48	0.51	12.7	24	0.8	36	23.5	22	49
	14,661	39	4.2	30	142.2	1	1.90	1.00	0.23	23.8	8	16.5	22	23.3	23	50

otherwise noted. Sales of subsidiaries are included when they are consolidated. All companies on the list must have derived more than 50% of their revenues from non-manufacturing and/or non-mining businesses. Excluded (but eligible for

the lists that follow) are companies deriving more than 50% of their revenues solely from banking, life insurance, finance, savings, retailing, transportation, or utilities.

² Figures are for fiscal year ended February 29, 1988.

³ Figures are for fiscal year ended March 31, 1987.

⁴ Wholly owned by General Motors (No. 1 on the FORTUNE 500 Industrial list).

⁵ Figures are for fiscal year ended September 30, 1987.

THE 100 LARGEST DIVERSIFIED SERVICE COMPANIES

RANK BY SALES 1987 1986	COMPANY	SALES ¹	ASSETS	PROFITS	STOCKHOLDERS' EQUITY
		\$ Millions	\$ Millions Rank	\$ Millions Rank	\$ Millions Rank
51 •	REEBOK INTERNATIONAL Canton, Mass.	1,389.2	868.4 57	165.2 13	584.8 31
52 55	AUTOMATIC DATA PROCESSING Roseland, N.J. ⁷	1,384.2	1,444.9 38	132.0 17	875.1 19
53 80	PHH GROUP Hunt Valley, Md. ¹¹	1,362.0	3,483.5 14	39.5 43	288.9 54
54 57	PITTSTON Greenwich, Conn.	1,340.8	315.6 86	(133.0) 95	403.1 47
55 59	W.W. GRAINGER Skokie, Ill.	1,320.8	832.1 60	90.5 22	581.2 32
56 45	TESORO PETROLEUM San Antonio ⁸	1,320.2	577.6 70	(11.0) 82	186.7 67
57 47	CENTEX Dallas ⁹	1,303.9	993.7 50	44.2 42	363.0 49
58 •	ITEL Chicago	1,274.0	1,944.9 34	8.3† 68	415.1 45
59 58	BLOUNT Montgomery, Ala. ²	1,233.9	723.9 62	7.2 70	141.1 77
60 54	DI GIORGIO San Francisco	1,180.5†	322.9 85	(16.3) 83	148.8 73
61 79	COMDISCO Rosemont, Ill. ⁴	1,175.0	3,023.0 22	94.0 21	466.0 40
62 68	KELLY SERVICES Troy, Mich.	1,161.4	261.8 91	50.5 36	184.2 69
63 60	CBI INDUSTRIES Oak Brook, Ill.	1,159.7	1,266.0 44	14.1 64	593.4 30
64 83	PULTE HOME West Bloomfield, Mich.	1,130.6	3,742.2 11	37.2 44	225.5 62
65 52	FISCHBACH New York ⁴	1,102.7	496.5 73	(36.0) 87	101.7 82
66 67	RYKOFF-SEXTON Los Angeles ¹¹	1,081.6	307.2 87	8.0 69	94.5 84
67 61	ALLEGHENY BEVERAGE Cheverly, Md. ²	1,069.8†	568.5 71	(59.3)† 92	89.9 85
68 92	BINDLEY WESTERN INDUSTRIES Indianapolis	1,055.2	255.3 93	1.8 80	43.7 95
69 82	COMPUTER SCIENCES El Segundo, Calif. ³	1,031.5	595.7 69	32.2 48	284.8 55
70 72	VIACOM INTERNATIONAL New York	1,010.7	3,936.9 7	(123.5) 94	531.0 38
71 70	DAIRYMEN Louisville, Ky. ⁴	1,009.4	238.5 94	5.8 73	81.6 87
72 81	GUY F. ATKINSON S. San Francisco, Calif.	967.9	466.5 75	2.2 79	185.6 68
73 88	INTERPUBLIC GROUP OF COS. New York	947.3	1,346.9 40	49.3 38	280.0 56
74 50	CHARTER Jacksonville, Fla.	945.7	305.8 88	46.9** 41	83.7 86
75 95	AMERICAN HARDWARE SUPPLY Butler, Pa. ^{2,13}	886.0	226.7 95	N.A.	62.2 91
76 63	NIKE Beaverton, Ore. ⁴	877.4	511.8 72	35.9 45	338.0 52
77 77	COMMERCIAL METALS Dallas ⁹	872.8	302.3 89	10.2 67	154.9 72
78 •	NASHUA CORPORATION Nashua, N.H.	865.0	407.0 79	26.6 54	208.5 65
79 66	OGDEN New York	858.3	946.9 54	54.0 32	415.9 44
80 75	INDIANA FARM BUREAU COOPERATIVE Indianapolis ^{4,13}	854.5	193.9 99	N.A.	81.5 88
81 97	RYLAND GROUP Columbia, Md.	847.9	380.2 80	32.2 49	133.5 79
82 91	HILTON HOTELS Beverly Hills, Calif.	843.8	1,423.6 39	139.9** 15	772.8 22
83 •	TELEX Tulsa	840.7	618.2 68	77.2 26	351.4 51
84 78	PIONEER HI-BRED INTERNATIONAL Des Moines ⁴	839.9	866.2 58	53.9 34	546.2 35
85 86	SUNKIST GROWERS Sherman Oaks, Calif. ^{4,13}	819.5	197.6 98	N.A.	65.2 90
86 98	CHARTER MEDICAL Macon, Ga. ⁴	812.8	1,123.6 46	52.0 35	263.0 58
87 •	EMERSON RADIO North Bergen, N.J. ²	810.1	322.8 84	26.6 55	96.0 83
88 65	CULBRO New York	808.0	425.3 77	31.5 50	144.2 74
89 76	U.S. HOME Houston	786.7	722.7 63	(45.7) 89	175.6 70
90 93	CAESARS WORLD Los Angeles ¹³	779.7	711.7 64	33.7† 47	417.4 43
91 •	LORIMAR-TELEPICTURES Culver City, Calif. ³	766.2	1,170.5 45	(58.6)** 91	386.1 48
92 •	FARM HOUSE FOODS Milwaukee ⁹	763.9	200.6 97	2.2** 78	29.6 98
93 94	M.D.C. HOLDINGS Denver, Colo.	751.3	1,294.5 43	27.1 53	225.9 61
94 99	RAMADA INNS Phoenix	747.3	947.4 53	4.9† 76	300.3 53
95 87	PERINI Framingham, Mass.	741.4	362.1 82	11.3 66	118.2 81
96 85	KAY New York	733.5	421.2 78	7.0 71	35.7 97
97 •	UNITED STATIONERS Des Plaines, Ill. ⁴	729.9	294.7 90	15.1 63	132.0 80
98 69	GELCO Eden Prairie, Minn. ¹³	728.1	2,267.6 27	(4.9) 83	216.3 63
99 25	PS GROUP San Diego	687.8†	683.2 65	55.6 31	255.3 59
100 84	COUNTRYMARK Delaware, Ohio ⁴	679.8	185.9 100	4.6 77	60.6 92
TOTALS		202,760.3	163,341.4	5,241.1	55,681.7

• Not on last year's list.

† Includes sales from discontinued operations of at least 10%.

** Reflects an extraordinary credit of at least 10%; see the explanations of "profits" and "earnings per share" on page D37.

† Reflects an extraordinary charge of at least 10%; see the explanations of "profits" and "earnings per share" on page D37.

§ Dividends paid on mandatory redeemable preferred stock subtracted from net income.

N.A. Not available.

⁴ Figures are for fiscal year ended October 31, 1987.

⁷ Figures are for fiscal year ended June 30, 1987.

⁹ Figures are for fiscal year ended August 31, 1987.

¹³ Figures are for fiscal year ended May 31, 1987.

THE SERVICE 500

SERVICES

	EMPLOYEES		PROFITS AS PERCENT OF				EARNINGS PER SHARE				TOTAL RETURN TO INVESTORS			RANK		
	Number	Rank	SALES		STOCKHOLDERS' EQUITY		1987/\$	1986/\$	1977/\$	1977-87 annual growth rate %	1987 %	1977-87 annual average %	1987			
			%	Rank	%	Rank										
	2,400	81	11.9	5	28.3	5	1.49	1.27	N.A.	—	(8.4)	48	—	51		
	21,000	23	9.5	10	15.1	30	1.76	1.45	0.39	16.1	20	28.5	11	21.9	27	52
	4,417	68	2.9	43	13.7	33	2.35	2.40	0.69	13.0	23	(8.3)	47	17.9	39	53
	13,900	43	—	—	—	—	(3.47)	0.27	1.90	—	—	(14.9)	62	(5.4)	74	54
	6,258	59	6.9	16	15.6	29	3.14	2.96	1.19	10.2	29	37.1	7	16.6	43	55
	2,200	83	—	—	—	—	(0.80)	(9.76)	(5.52)	—	—	2.3	35	5.3	65	56
	4,500	66	3.4	38	12.2	43	2.47	2.62	0.95	10.1	31	(44.3)	79	9.6	62	57
	4,133	71	0.7	70	2.0	76	(0.41)†	2.77	3.11	—	—	31.8	9	(0.5)	73	58
	9,800	50	0.6	71	5.1	69	0.60	1.01	0.40	4.1	46	(17.0)	64	16.5	45	59
	4,000	72	—	—	—	—	(0.54)	1.85	1.31	—	—	(18.7)	67	12.9	57	60
	1,100	92	8.0	14	20.2	19	2.26	1.91	0.12	34.0	2	19.2	20	43.4	2	61
	3,600	74	4.3	28	27.4	7	2.10	1.51	0.30	21.5	9	21.0	17	32.4	9	62
	12,000	46	1.2	55	2.4	74	0.38	1.05**	6.05	(24.2)	60	(29.6)	74	2.3	70	63
	1,649	87	3.3	39	16.5	26	1.42	0.79	0.23	20.0	12	(30.3)	75	30.3	12	64
	9,000	53	—	—	—	—	(9.22)	(7.47)†	3.48	—	—	(71.3)	85	(9.0)	75	65
	4,800	62	0.7	66	8.5	57	1.14	1.24	0.90	2.4	48	(12.8)	58	17.8	40	66
	32,000	17	—	—	—	—	(6.96)†	8.57	0.79	—	—	(27.1)	71	11.0	60	67
	375	99	0.2	81	4.2	70	0.28	0.67	N.A.	—	—	(41.4)	78	—	—	68
	18,175	28	3.1	41	11.3	48	2.08	1.69	1.02	7.4	38	19.5	19	18.3	36	69
	4,800	63	—	—	—	—	(2.08)	N.A.	N.A.	—	—	—	—	—	—	70
	4,315	69	5.6	72	7.1	64	N.A.	N.A.	N.A.	—	—	—	—	—	—	71
	6,711	56	0.2	80	1.2	80	0.25	0.97	N.A.	—	—	(1.3)	40	—	—	72
	13,300	44	5.2	25	17.6	22	2.25	1.87	0.80	10.9	26	18.2	21	22.6	26	73
	3,361	76	5.0	26	56.0	2	0.98**	3.23	1.00	(0.2)	50	(9.7)	52	2.6	69	74
	1,240†	90	0.0	82	—	—	N.A.	N.A.	N.A.	—	—	—	—	—	—	75
	3,000	78	4.1	31	10.6	50	0.93	1.53	N.A.	—	—	70.0	2	—	—	76
	2,993	79	1.2	57	6.6	66	1.14	1.60	(0.03)	—	—	22.0	16	24.8	19	77
	6,700	57	3.1	42	12.8	39	2.72	2.13	1.65	5.1	42	15.4	23	13.6	55	78
	38,000	14	6.3	21	13.0	37	1.35	3.07	2.58	(6.3)	52	43.3	4	20.6	31	79
	1,001	94	0.8	65	—	—	N.A.	N.A.	N.A.	—	—	—	—	—	—	80
	2,258	82	3.8	35	24.1	8	2.46	2.02	0.53	16.6	19	(28.2)	72	21.5	29	81
	32,000	16	16.6	1	18.1	20	5.59**	3.92	1.42	14.7	22	7.9	27	22.6	25	82
	8,000	55	9.2	11	22.0	11	5.24	4.60	0.58**	24.6	7	(15.3)	63	33.6	8	83
	5,117	61	6.4	19	9.9	53	1.69	2.31	1.09	4.5	45	7.4	28	15.9	47	84
	1,100	91	—	—	—	—	N.A.	N.A.	N.A.	—	—	—	—	—	—	85
	10,500	48	6.4	20	19.8	16	1.69	1.40	0.09	34.2	1	41.6	5	52.1	1	86
	700†	98	3.3	40	27.7	6	0.72	0.37	0.07	27.1	5	(72.4)	86	22.7	24	87
	4,750	64	3.9	34	21.8	12	7.34	6.00	1.65	16.1	21	(4.8)	42	20.0	32	88
	1,624	88	—	—	—	—	(1.14)	(2.05)	0.40	—	—	(46.7)	80	1.7	71	89
	9,981	49	4.3	29	8.1	60	1.08†	1.36	0.23	16.8	18	14.5	24	30.4	11	90
	2,000†	84	—	—	—	—	(1.35)**	(0.60)	N.A.	—	—	(36.4)	77	—	—	91
	1,900†	86	0.3	77	7.5	62	N.A.	N.A.	N.A.	—	—	—	—	—	—	92
	1,260	89	3.6	36	12.0	44	1.36	1.81	(0.42)	—	—	(53.2)	81	39.9	3	93
	18,060	29	0.7	69	1.6	77	0.12†	0.27	0.62**	(15.1)	57	(11.3)	56	4.3	67	94
	4,500†	66	1.5	51	9.5	54	3.12	1.56	1.20	10.0	32	(9.1)	51	15.7	48	95
	721	97	1.0	62	19.6	18	1.20	2.64	0.98	2.0	49	(61.5)	83	11.7	59	96
	3,013	77	2.1	46	11.5	47	0.99	0.96	N.A.	—	—	(4.8)	43	—	—	97
	196	100	—	—	—	—	(0.56)	(0.47)†	1.54	—	—	—	—	—	—	98
	945	95	8.1	13	21.8	13	7.25	(2.25)	0.61	28.1	3	(28.6)	73	15.6	49	99
	856	96	0.7	68	7.5	61	N.A.	N.A.	N.A.	—	—	—	—	—	—	100
1,737,579																

¹⁰ Financial subsidiaries would add 25% or more to sales if consolidated.

¹¹ Figures are for fiscal year ended April 30, 1987.

¹² Cooperatives provide only net margin figures, which are not

comparable to the profit figures in this list.

¹³ Figures are for fiscal year ended July 31, 1987.

THE 100 LARGEST COMMERCIAL BANKING COMPANIES

RANK BY ASSETS 1987 1986	COMPANY	ASSETS ¹	DEPOSITS	LOANS ²	PROFITS	
		\$ Millions	\$ Millions Rank	\$ Millions Rank	\$ Millions Rank	
1	1	CITICORP New York	203,607.0	119,561.0 1	133,467.0 1	(1,138.0) 99
2	3	CHASE MANHATTAN CORP. New York	99,133.4	60,578.0 3	65,260.0 2	(894.8) 96
3	2	BANKAMERICA CORP. San Francisco	92,833.0	76,290.0 2	61,245.0 3	(955.0) 97
4	7	CHEMICAL NEW YORK CORP. New York [†]	78,189.0	55,509.0 4	47,732.0 6	(853.7)† 94
5	4	J.P. MORGAN & CO. New York	75,414.0	43,987.0 7	28,923.0 9	83.3 22
6	6	SECURITY PACIFIC CORP. Los Angeles	73,356.0	45,551.0 5	49,940.0 5	15.7 66
7	5	MANUFACTURERS HANOVER CORP. New York	73,348.1	45,176.4 6	52,964.9 4	(1,140.2) 100
8	8	BANKERS TRUST NEW YORK CORP. New York	56,520.6	30,220.4 11	24,886.0 11	1.2† 72
9	9	FIRST INTERSTATE BANCORP Los Angeles	50,926.6	37,569.7 8	31,556.7 8	(556.2) 90
10	11	FIRST CHICAGO CORP. Chicago	44,209.3	31,537.7 10	26,464.6 10	(570.7) 91
11	10	WELLS FARGO & CO. San Francisco	44,183.3	32,319.8 9	35,433.9 7	50.8 41
12	13	BANK OF BOSTON CORP. Boston	34,116.6	22,471.6 15	24,024.3 12	19.7 63
13	26	FIRST REPUBLICBANK CORP. Dallas [†]	33,210.7	25,490.6 12	22,848.9 13	(656.8) 93
14	14	CONTINENTAL ILLINOIS CORP. Chicago	32,391.0	19,624.0 20	18,940.0 17	(609.5) 92
15	22	PNC FINANCIAL CORP. Pittsburgh	31,432.6	20,347.7 18	16,647.4 23	204.8 5
16	12	MELLON BANK CORP. Pittsburgh	30,525.0	21,548.0 16	19,069.0 16	(863.0) 95
17	21	BANK OF NEW ENGLAND CORP. Boston	29,474.8	22,767.4 13	21,578.2 14	140.5 15
18	16	MCNB CORP. Charlotte, N.C.	28,915.4	19,550.0 21	17,086.8 20	166.9 8
19	34	FIRST FIDELITY BANCORP. Newark, N.J. ^{††}	28,850.3	20,938.0 17	17,402.0 19	86.3 21
20	17	FIRST UNION CORP. Charlotte, N.C.	27,629.5	17,425.3 23	15,125.1 25	283.1 1
21	18	SUNTRUST BANKS Atlanta	27,187.9	22,493.3 14	18,120.1 18	282.8 2
22	15	FIRST BANK SYSTEM Minneapolis	26,850.0	15,799.0 29	12,888.0 30	49.6 42
23	48	SHAWMUT NATIONAL CORP. Boston ^{††}	26,477.0	17,247.0 25	17,055.0 21	158.9 12
24	19	MARINE MIDLAND BANKS Buffalo and New York	25,453.3	17,303.2 24	20,119.4 15	(408.8) 89
25	20	IRVING BANK CORP. New York	23,534.0	15,152.0 30	14,427.0 26	(193.3) 86
26	28	BARNETT BANKS OF FLORIDA Jacksonville	23,451.2	20,167.2 19	16,835.3 22	198.9 6
27	25	NBD BANCORP Detroit	23,353.6	18,166.9 22	12,989.9 28	160.8 11
28	27	BANK OF NEW YORK CO. New York	23,064.9	17,126.4 26	16,270.7 24	103.4† 17
29	33	REPUBLIC NEW YORK CORP. New York	22,387.6	14,838.5 32	5,342.7 60	17.2† 65
30	35	SOVRAN FINANCIAL CORP. Norfolk, Va.	21,233.5	16,666.8 27	13,744.7 27	217.4 3
31	24	NORWEST CORP. Minneapolis	20,747.0	13,643.8 35	12,513.3 34	(29.8) 78
32	30	CITIZENS & SOUTHERN CORP. Atlanta	20,444.1	14,974.1 31	12,820.9 32	157.9 13
33	23	MCORP Dallas	20,228.4	16,631.6 28	12,888.1 29	(258.3) 88
34	31	FIRST WACHOVIA CORP. Winston-Salem, N.C.	19,342.2	14,341.9 34	12,119.4 35	176.6 7
35	40	BANC ONE CORP. Columbus, Ohio	18,730.0	14,478.3 33	12,752.5 33	208.9 4
36	42	MIDLANTIC BANKS Edison, N.J.	17,791.8	13,638.2 36	12,840.4 31	161.5 10
37	54	MNC FINANCIAL Baltimore ^{††}	16,458.4	11,240.9 38	11,368.9 36	148.8 14
38	36	CORESTATES FINANCIAL CORP. Philadelphia	15,036.1	10,301.0 39	9,985.3 37	162.3 9
39	37	NATIONAL CITY CORP. Cleveland	14,912.4	11,426.5 37	9,923.6 38	96.9† 19
40	55	U.S. BANCORP Portland, Ore.	13,352.7	9,521.5 42	8,668.7 39	108.5 16
41	41	SOUTHEAST BANKING CORP. Miami	12,842.2	9,518.1 43	8,073.5 41	38.4 52
42	52	UNION BANCORP Los Angeles ^{††}	11,916.9	8,789.2 46	8,405.0 40	(55.1) 82
43	60	KEYCORP Albany, N.Y.	11,596.4	9,379.1 44	7,461.1 45	80.0 25
44	45	NATIONAL WESTMINSTER BANK USA New York ^{††}	11,539.3	9,539.0 41	7,808.6 42	(212.0) 87
45	47	VALLEY NATIONAL CORP. Phoenix	11,300.0	9,736.4 40	7,730.6 43	(44.4) 79
46	39	FIRST CITY BANCORP. OF TEXAS Houston	11,202.4	9,352.5 45	7,488.0 44	(1,130.2) 98
47	56	SIGNET BANKING CORP. Richmond	10,724.4	7,624.9 52	6,760.1 48	23.5 61
48	49	HARRIS BANCORP Chicago ^{††}	10,556.5	7,754.4 50	5,862.4 53	42.6 48
49	46	AMERITRUST CORP. Cleveland	10,333.7	7,755.4 49	6,972.3 47	(10.1) 75
50	63	UNITED JERSEY BANKS Princeton	10,199.2	7,876.0 48	6,568.2 50	102.7 18

* Not on last year's list.

** Reflects an extraordinary credit of at least 10%; see the explanations of "profits" and "earnings per share" on page D37.

† Average for the year; see the reference to "employees" on page D37.

†† Reflects an extraordinary charge of at least 10%; see the explanations of "profits" and "earnings per share" on page D37.

§ Dividends paid on mandatory redeemable preferred stock subtracted from net income.

N.A. Not available.

¹ As of December 31, 1987. All companies on the list must have more than 80% of their assets in chartered commercial banking institutions.

² Net of unearned discount and loan loss revenue. Figure includes lease financing.

THE SERVICE 500

STOCKHOLDERS' EQUITY	Rank	EMPLOYEES	Rank	NET PROFITS AS PERCENT OF EQUITY	Rank	EARNINGS PER SHARE			1977-87 annual growth rate	Rank	TOTAL RETURN TO INVESTORS		RANK
						1987/\$	1986/\$	1977/\$			1987	1977-87 annual average	
\$ Millions		Number		%					%		%	%	1987
8,810.0	1	90,000	1	—	—	(4.26)	3.57	1.49	—	—	(26.1)	71	1
3,852.3	3	42,390	4	—	—	(11.56)	5.63	1.91	—	—	(34.0)	80	2
3,259.0	5	65,151	2	—	—	(6.43)	(3.74)	2.72	—	—	(53.0)	88	3
3,003.0	6	28,597	7	—	—	(16.68)†	7.57	3.03	—	—	(46.0)	85	4
5,036.0	2	15,731	15	1.7	67	0.39	4.74	1.33	(11.5)	61	(9.4)	41	5
3,368.0	4	43,260	3	0.5	71	0.01	4.86	1.63	(39.9)	69	(23.2)	67	6
2,704.1	8	29,125	6	—	—	(27.04)	7.99	5.15	—	—	(48.3)	86	7
2,889.1	7	12,292	27	0.0	74	0.02‡	6.01	1.26	(33.9)	68	(27.1)	73	8
2,165.7	10	36,253	5	—	—	(11.99)	7.19	3.29	—	—	(20.4)	62	9
1,801.8	12	15,108	17	—	—	(10.71)	4.70	2.88	—	—	(30.7)	77	10
2,247.6	9	20,100	10	2.3	66	0.52	5.03	2.01	(12.7)	62	(12.5)	47	11
1,748.9	14	20,200	9	1.1	70	0.10	3.69	0.85	(19.2)	65	(12.3)	46	12
1,157.5	31	15,239	16	—	—	(22.31)	1.65	3.46	—	—	(79.1)	91	13
1,364.0	22	9,624	34	—	—	(6.07)	0.60	4.02	—	—	(43.2)	84	14
1,840.6	11	11,814	28	11.1	38	2.96	4.44	1.25 ²	9.0	29	(6.5)	33	15
1,078.0	33	16,650	14	—	—	(31.17)	6.20	3.57	—	—	(49.2)	87	16
1,461.2	20	18,752	12	9.6	46	2.04	3.52	1.02 ³	7.2	39	(12.7)	48	17
1,510.2	17	12,334	26	11.0	41	2.03	2.53	0.70	11.2	21	(16.7)	58	18
1,585.4	16	13,900	21	5.4	59	1.23	3.95	1.33	(0.8)	55	(0.3)	16	19
1,794.4	13	20,284	8	15.8	5	2.55	2.53	0.53	16.9	5	(16.4)	57	20
1,673.7	15	20,047	11	16.9	2	2.17	1.86	0.47 ⁴	16.6	6	(6.2)	32	21
1,397.0	21	9,400	35	3.6	63	0.73	3.42	1.20	(4.9)	58	(11.9)	45	22
1,463.0	19	15,000	18	10.9	43	2.10	5.07	1.75 ⁵	1.8	52	(18.4)	59	23
981.9	35	13,900	20	—	—	N.A.	7.19	1.58	—	—	—	—	24
827.0	40	10,400	32	—	—	(10.83)	6.83	2.58	—	—	(0.6)	17	25
1,311.3	25	18,743	13	15.2	10	3.31	2.91	0.55	19.8	2	(7.0)	37	26
1,350.8	23	11,753†	29	11.9	34	3.47	3.87	1.60	8.0	34	16.0	6	27
1,113.6	37	10,249	33	8.7§	51	2.97‡	4.97	1.65	6.1	43	(30.7)	76	28
1,325.4	24	3,700	83	1.3	69	0.11‡	4.44	1.32	(22.0)	66	(20.9)	63	29
1,304.8	26	14,358	19	16.7	3	3.67	3.48	1.40	10.1	25	3.8	14	30
1,177.7	29	13,300	23	—	—	(1.31)	3.64	2.97	—	—	6.3	11	31
1,202.5	28	13,244	24	13.1	24	2.52	2.63	(0.27)	—	—	(1.2)	20	32
847.9	39	10,943	30	—	—	(6.46)	(2.21)	2.08	—	—	(76.5)	89	33
1,297.8	27	13,213	25	13.6	22	3.24	3.59	1.01 ⁶	12.4	16	(5.0)	29	34
1,489.5	18	13,865	22	14.0	17	1.98	2.08	0.65	11.8	19	8.5	9	35
1,158.7	30	10,681	31	13.9	18	4.40	5.58	1.09	14.9	11	(14.7)	54	36
942.3	36	7,831	41	15.6§	6	5.19	4.99	1.31	14.7	12	(6.6)	34	37
1,070.5	34	7,703	42	15.2	11	3.91	2.94‡	1.04	14.2	13	(2.6)	22	38
874.6	38	9,076	36	11.1	39	2.34‡	3.44	1.61	3.8	50	(0.9)	19	39
899.1	37	8,991	37	12.1	32	2.65	2.56	1.29	7.4	37	(11.7)	44	40
713.4	44	7,620	43	5.4	60	1.14	3.00	0.76	4.1	49	(21.8)	64	41
647.0	47	5,729	55	—	—	N.A.	N.A.	N.A.	—	—	—	—	42
725.3	43	8,541	38	11.0	42	2.25	2.93	1.24	6.2	41	(0.9)	18	43
409.0	69	4,771	68	—	—	N.A.	N.A.	N.A.	—	—	24.6	4	44
580.2	55	7,913	39	—	—	(2.25)	4.97	1.71	—	—	(27.6)	74	45
(574.5)	100	7,148	44	—	—	(34.62)	(12.70)	1.91	—	—	(87.9)	92	46
576.2	56	6,025	50	4.1	62	0.85	3.53	1.28	(4.0)	57	(22.7)	65	47
706.9	45	4,882	67	6.0	58	6.39	10.22	4.49	3.6	51	—	—	48
740.8	42	5,987	53	—	—	(0.24)	2.14	1.28	—	—	(8.2)	39	49
751.5	41	6,254	47	13.7	21	2.31	2.17	0.75	11.9	18	(2.9)	23	50

² Figure is for Pittsburgh National.

⁴ Figure is for CBT.

⁶ Figure is for Sun Banks.

⁸ Figure is for Wachovia.

⁷ Figure is for American Bank & Trust.

⁹ Figures reflect merger with Texas Commerce Bancshares (No. 29 among last year's Commercial Banks) May 1, 1987.

¹⁰ Formed by the merger of RepublicBank Corp. (No. 26 among last year's Commercial Banks) and Interfirst Corp. (No. 32 last year) June 8, 1987.

¹¹ Formed by the merger of Fidelcor (No. 43 among last year's Commercial Banks) and First Fidelity Bancorp. (No. 34 last year) February 29, 1988.

¹² Figures reflect acquisition of Hartford National Corp. (No. 38 among last year's Commercial Banks) February 29, 1988.

THE 100 LARGEST COMMERCIAL BANKING COMPANIES

RANK BY ASSETS		COMPANY	ASSETS ¹	DEPOSITS		LOANS ²		PROFITS	
1987	1986		\$ Millions	\$ Millions	Rank	\$ Millions	Rank	\$ Millions	Rank
51	50	COMERICA Detroit	10,116.0	8,402.7	47	5,852.5	54	71.4	29
52	51	BOATMEN'S BANCSHARES St. Louis	9,884.9	7,389.6	54	5,289.2	62	81.4	24
53	57	CRESTAR Richmond ¹⁸	9,740.0	7,356.0	55	7,332.0	46	56.7	36
54	68	FIRST AMERICAN BANCSHARES Washington, D.C.	9,618.0	7,662.9	51	5,776.8	55	51.2	40
55	59	NORTHERN TRUST CORP. Chicago	9,325.7	6,846.2	61	3,729.5	74	(65.1)	83
56	58	RAINIER BANCORP. Seattle ¹⁸	9,250.6	6,927.4	59	6,686.1	49	55.3	37
57	62	MANUFACTURERS NATIONAL CORP. Detroit	9,077.3	7,234.8	57	5,530.2	57	6.6	71
58	61	SOCIETY CORP. Cleveland	9,077.3	7,280.3	56	5,641.2	56	90.9	20
59	65	HUNTINGTON BANCSHARES Columbus, Ohio	8,835.9	6,601.8	63	5,206.7	63	47.8	44
60	64	FIRST OF AMERICA BANK CORP. Kalamazoo, Mich.	8,679.9	7,554.5	53	5,344.2	59	78.3	26
61	67	BAYBANKS Boston	8,506.3	7,176.3	58	6,337.0	51	69.4	31
62	66	MICHIGAN NATIONAL CORP. Farmington Hills, Mich.	8,481.1	6,861.3	60	5,931.4	52	73.9	28
63	72	MERIDIAN BANCORP. Reading, Pa.	8,388.6	6,609.9	62	5,503.3	58	75.3	27
64	81	DOMINION BANCSHARES Roanoke, Va.	7,601.8	5,819.1	66	5,318.5	61	70.6	30
65	71	FLORIDA NATIONAL BANKS OF FLORIDA Jacksonville	7,555.9	5,949.5	65	4,506.7	66	32.5	56
66	80	AMSOUTH BANCORP. Birmingham, Ala.	7,527.1	5,718.4	67	4,843.6	64	60.2	34
67	70	FIRST WISCONSIN CORP. Milwaukee	7,256.7	5,951.7	64	4,519.7	65	(49.1)	80
68	69	STATE STREET BOSTON CORP. Boston	6,955.2	4,537.9	76	2,096.5	98	83.1	23
69	75	RIGGS NATIONAL CORP. Washington, D.C.	6,787.9	5,226.0	72	3,329.4	82	1.0	73
70	74	MERCANTILE BANCORP. St. Louis	6,765.9	5,433.6	68	4,497.4	67	(24.5)	77
71	79	FIRST AMERICAN CORP. Nashville	6,494.1	5,075.1	73	3,757.3	73	47.8	45
72	85	OLD KENT FINANCIAL CORP. Grand Rapids, Mich.	6,455.1	5,413.1	69	3,765.0	70	63.4	32
73	83	BANK OF TOKYO TRUST New York ²⁰	6,406.8	5,361.4	71	3,468.6	79	10.5	70
74	73	EUROPEAN AMERICAN BANCORP. New York ²¹	6,406.1	4,467.4	81	3,760.1	72	(110.5)	85
75	77	CALIFORNIA FIRST BANK San Francisco ¹⁴	6,062.5	5,372.1	70	4,140.1	68	40.1	50
76	93	SOUTHTRUST CORP. Birmingham, Ala.	5,924.0	4,702.4	75	3,533.7	77	60.4	33
77	95	BANCORP HAWAII Honolulu	5,826.3	4,917.6	74	3,326.6	83	53.9	38
78	82	FIRST PENNSYLVANIA CORP. Philadelphia	5,803.5	4,136.1	85	3,592.5	76	(53.9)	81
79	86	FIRST TENNESSEE NATIONAL CORP. Memphis	5,761.8	4,477.3	79	3,530.3	78	32.8	55
80	87	FIRST MARYLAND BANCORP. Baltimore	5,644.2	4,095.3	87	3,760.2	71	45.3	47
81	76	MARSHALL & ISLEY CORP. Milwaukee	5,555.8	4,318.8	83	3,039.5	88	57.9	35
82	97	UNITED BANKS OF COLORADO Denver	5,503.4	4,370.2	82	3,016.9	89	0.7	74
83	•	TRUSTCORP. Toledo	5,501.1	4,300.5	84	3,655.9	75	12.0	69
84	92	INDIANA NATIONAL CORP. Indianapolis	5,458.8	3,959.7	90	3,325.4	84	27.1	59
85	•	BANCO POPULAR DE PUERTO RICO San Juan	5,352.7	4,491.6	78	2,708.8	91	37.5	53
86	90	COMMERCE BANCSHARES Kansas City, Mo.	5,269.3	4,469.3	80	2,636.5	92	40.1	51
87	84	CENTERRE BANCORP. St. Louis	5,242.1	4,010.1	89	2,878.3	90	15.1**	67
88	78	TEXAS AMERICAN BANCSHARES Fort Worth	5,170.5	4,511.0	77	3,837.5	69	(78.0)	84
89	91	FIRST KENTUCKY NATIONAL CORP. Louisville	5,132.4	3,750.1	92	3,199.3	86	32.4	57
90	94	FIRST SECURITY CORP. Salt Lake City	5,073.7	3,862.8	91	3,354.1	81	27.0	60
91	•	EQUITABLE BANCORP. Baltimore	5,060.8	3,309.9	96	2,420.3	94	40.7	49
92	96	FIRST FLORIDA BANKS Tampa	4,927.3	4,089.5	88	3,162.5	87	48.3	43
93	99	SOUTH CAROLINA NATIONAL CORP. Columbia	4,918.5	3,451.1	95	3,383.0	80	52.9	39
94	•	HIBERNIA CORP. New Orleans	4,846.6	4,128.6	86	3,227.0	85	46.5	46
95	98	PREMIER BANCORP. Baton Rouge, La. ¹⁷	4,349.0	3,674.1	93	2,313.7	96	(18.4)	76
96	•	MARINE CORP. Milwaukee	4,312.8	3,598.2	94	2,611.3	93	21.3	62
97	•	CENTRAL BANCSHARES OF THE SOUTH Birmingham, Ala.	3,873.9	2,441.9	100	2,251.2	97	33.5	54
98	•	FIRST COMMERCE CORP. New Orleans	3,744.1	2,894.9	98	1,810.4	99	19.2	64
99	•	UNITED MISSOURI BANCSHARES Kansas City	3,549.6	3,100.3	97	1,264.8	100	32.3	58
100	•	EQUIMARK CORP. Pittsburgh	3,140.0	2,588.1	99	2,341.6	95	14.3**	68
TOTALS			3,026,851.9	1,424,824.0		1,263,744.6		(5,310.4)	

• Not on last year's list.

** Reflects an extraordinary credit of at least 10%; see the explanations of "profits" and "earnings per share" on page D37.

† Average for the year; see the reference to "employees" on page D37.

‡ Reflects an extraordinary charge of at least 10%; see the explanations of "profits" and "earnings per share" on page D37.

§ Dividends paid on mandatory redeemable preferred stock subtracted from net income.

N.A. Not available.

¹² Formed by the merger of Maryland National Corp. (No. 54 among last year's Commercial Banks) and American Security Capital March 16, 1987.

¹³ Wholly owned by Standard Chartered Bank (No. 63 among last year's Largest International Banks).

THE SERVICE 500

	STOCKHOLDERS' EQUITY		EMPLOYEES		NET PROFITS AS PERCENT OF EQUITY		EARNINGS PER SHARE				TOTAL RETURN TO INVESTORS				RANK	
	\$ Millions	Rank	Number	Rank	% Rank	1987/\$	1986/\$	1977/\$	1977-87 annual growth rate		1987		1977-87 annual average		1987	
									% Rank	% Rank	% Rank	% Rank				
	593.0	54	6,014	51	12.0	33	4.13	3.63	2.29	6.1	42	27.5	3	17.7	49	51
	636.7	48	5,400 ^a	58	12.8	26	4.14	4.00	1.77	8.9	30	(6.7)	35	18.1	47	52
	597.0	53	5,739	54	9.5	47	1.92	2.92	0.80	9.2	27	(19.8)	61	21.7	20	53
	650.7	46	5,715	56	7.9	53	2.34	N.A.	N.A.	—	—	—	—	—	—	54
	436.4	65	5,291	60	—	—	(4.77)	3.24	1.70	—	—	(6.0)	31	18.6	45	55
	623.0	50	5,372	59	8.9	50	N.A.	3.41	1.64	—	—	—	—	—	—	56
	497.0	60	5,156	62	1.3	68	0.45	5.27	2.38	(15.3)	63	(1.7)	21	20.4	33	57
	618.8	52	5,993	52	14.7	14	3.75	3.43	1.83	7.4	38	19.2	5	19.1	42	58
	511.7	58	5,195	61	9.3§	48	1.58	2.41	0.92	5.6	45	(8.8)	40	20.1	35	59
	631.7	49	7,075	45	12.4	29	5.93	5.47	1.89	12.1	17	3.2	15	—	—	60
	500.1	59	5,684	57	13.9	20	4.85	4.10	1.09	16.1	7	4.3	13	26.1	4	61
	514.5	57	6,600	46	14.4	16	4.85	3.59	3.05	4.7	48	28.0	2	13.6	64	62
	621.7	51	6,124	48	12.1	31	2.07	2.48	1.17 ⁷	5.9	44	(15.2)	56	22.1	15	63
	459.7	63	4,969	64	15.4	8	2.10	2.01	0.94	8.4	31	(3.6)	25	16.5	54	64
	455.4	64	4,883	66	7.1	56	1.22	1.30	0.57	8.0	35	(26.9)	72	14.3	62	65
	483.2	61	4,448	70	12.5	27	2.63	3.13	1.21	8.1	33	(23.9)	69	16.9	52	66
	412.5	68	6,042	49	—	—	(2.75)	2.53	0.79	—	—	(10.9)	42	19.6	37	67
	471.4	62	7,890	40	17.6	1	2.23	1.97	0.09	38.2	1	(13.2)	52	39.7	1	68
	325.6	87	2,114	98	0.3	72	0.07	2.65	1.28	(25.2)	67	(35.2)	82	15.0	60	69
	421.7	67	4,618	69	—	—	(1.53)	3.57	1.73	—	—	(27.8)	75	12.7	66	70
	431.3	66	3,807	79	11.1	40	2.34†	2.79	0.83	11.0	22	(14.9)	55	20.8	28	71
	406.2	70	3,800	80	14.5§	15	2.81	2.71	0.87	12.4	15	(7.0)	36	19.5	39	72
	338.3	84	468	100	3.1	64	N.A.	N.A.	N.A.	—	—	—	—	—	—	73
	249.3	96	2,720	93	—	—	N.A.	N.A.	N.A.	—	—	—	—	—	—	74
	349.4	79	3,879	78	11.5	35	3.01	2.37	1.87	4.9	47	—	—	—	—	75
	395.6	72	3,718	82	15.3	9	2.44	2.26	0.82	11.5	20	(19.7)	60	17.6	50	76
	347.0	82	3,355†	87	15.5	7	5.73	5.07	1.76	12.5	14	(3.5)	24	20.7	29	77
	298.8	92	3,595	85	—	—	(1.66)	0.68**	2.06	—	—	(4.2)	28	(4.5)	82	78
	327.1	85	4,222	71	10.0	44	2.19	3.41	0.99	8.3	32	(24.9)	70	19.8	36	79
	366.9	75	3,976†	77	12.4	30	2.65	2.23	1.11	9.1	28	(13.1)	51	17.9	48	80
	389.4	74	4,922	65	14.9	13	3.16	2.95	1.16	10.5	24	6.1	12	22.5	14	81
	405.4	71	4,095	74	0.2	73	(0.10)	1.95	1.93	—	—	(32.9)	78	6.8	77	82
	392.8	73	4,000	76	3.1	65	0.74	2.91	1.83	(8.6)	60	(22.7)	66	11.9	70	83
	349.3	80	2,823	92	7.7	54	2.11	3.49	0.49	15.7	8	(3.6)	26	25.1	6	84
	301.4	90	4,050	75	12.5	28	3.75	4.03	0.66	19.0	3	(12.9)	49	25.3	5	85
	359.8	77	3,385	86	11.1	37	3.89	3.75	1.94	7.2	40	(34.1)	81	12.8	65	86
	338.5	85	3,682	84	4.5	61	1.94**	3.90	3.22	(4.9)	59	(11.1)	43	12.2	68	87
	181.3	98	2,961	90	—	—	(5.05)	(10.41)	2.51	—	—	(77.2)	90	(11.5)	86	88
	326.4	86	5,031	63	9.9	45	1.45†	2.31	0.69	7.7	36	(8.0)	38	20.2	34	89
	365.2	76	4,104	73	7.4	55	2.21	0.41	2.78	(2.3)	56	(3.8)	27	5.0	80	90
	300.5	91	3,050	89	13.5§	23	2.19	2.13	0.87	9.7	26	(12.9)	50	22.0	17	91
	347.7	81	3,757	81	13.9	19	3.02	2.97	0.57	18.1	4	(23.7)	68	24.9	7	92
	353.7	78	4,107	72	15.0	12	2.44	2.05	0.57	15.6	9	(13.8)	53	24.3	9	93
	287.7	93	2,268	97	16.2	4	2.45	2.15	0.59	15.4	10	7.5	10	26.2	3	94
	301.5	89	3,121	88	—	—	(0.75)	(0.26)	0.58	—	—	(5.1)	30	—	—	95
	304.6	88	2,887	91	7.0	57	2.52	4.61	2.30	0.9	53	41.9	1	23.6	10	96
	259.5	95	2,484	95	12.9	25	1.57	1.73	0.93	5.4	46	(33.3)	79	14.6	61	97
	213.0	97	2,313	96	9.0	49	1.51	0.05	1.42	0.6	54	8.7	8	11.3	71	98
	283.3	94	2,488	94	11.4	36	2.55	2.45	0.93	10.7	23	14.8	7	21.6	22	99
	164.5	99	1,616	99	8.7	52	0.31**	0.09	2.45	(18.7)	64	(37.1)	83	(10.3)	85	100
	101,859.1		1,049,097													

¹⁴ Wholly owned by National Westminster Bank (No. 17 among last year's Largest International Banks).

¹⁵ Wholly owned by a subsidiary of Bank of Montreal (No. 46 among last year's Largest International Banks).

¹⁶ Company is 77% owned by Bank of Tokyo.

¹⁷ Name changed from Louisiana Bankshares April 15, 1987.

¹⁸ Name changed from United Virginia Bankshares September 1, 1987.

¹⁹ Wholly owned by Security Pacific Corp. (No. 6).

²⁰ Wholly owned by Bank of Tokyo (No. 21 among last year's Largest International Banks).

²¹ Wholly owned by six European banks, all of which were ranked last year on FORTUNE's list of the Largest International Banks.

DIVERSIFIED FINANCIAL COMPANIES

RANK BY ASSETS 1987 1986	COMPANY	ASSETS ¹	REVENUES ²	PROFITS	STOCKHOLDERS' EQUITY
		\$ Millions	\$ Millions Rank	\$ Millions Rank	\$ Millions Rank
1 2	AMERICAN EXPRESS New York	116,434.0	17,768.0 2	533.0 5	4,554.0 5
2 1	FEDERAL NAT'L MORTGAGE ASS'N Washington, D.C.	103,459.0	10,078.0 7	376.0 9	1,811.0 14
3 3	SALOMON New York	74,747.0	6,003.0 12	142.0 32	2,781.0 8
4 4	AETNA LIFE & CASUALTY Hartford	72,754.3	22,114.1 1	920.6 2	6,084.8 1
5 5	MERRILL LYNCH New York	55,192.6	10,868.2 6	390.6 8	3,330.9 6
6 6	CIGNA Philadelphia	53,495.2	16,909.3 4	728.3 3	5,223.0 3
7 8	TRAVELERS CORP. Hartford	50,164.7	17,459.1 3	374.4 10	4,794.5 4
8 7	FIRST BOSTON New York	36,147.6	-1,322.3 35	108.9 36	1,062.1 27
9 9	MORGAN STANLEY GROUP New York	29,662.6	3,147.9 23	230.9 20	1,137.4 24
10 12	AMERICAN INTERNATIONAL GROUP New York	27,907.7	11,278.3 5	1,042.0 1	5,785.8 2
11 10	BEAR STEARNS COS. New York ³	25,247.2	1,774.0 29	173.1 27	938.2 29
12 20	FLEET/NORSTAR FINANCIAL GROUP Providence ⁴	24,530.6	2,535.8 26	185.1 23	1,676.9 17
13 16	TRANSAMERICA San Francisco	23,318.6	7,174.6 9	427.2 7	2,624.6 9
14 14	STUDENT LOAN MARKETING ASS'N Washington, D.C.	22,863.5	1,668.1 30	181.0 24	459.5 42
15 13	LOEWS New York	22,209.2	9,323.7 8	696.2 4	3,252.3 7
16 15	LINCOLN NATIONAL Fort Wayne	18,003.9	6,960.1 10	236.9 18	2,197.1 12
17 19	HOUSEHOLD INTERNATIONAL Prospect Heights, Ill.	16,958.8	3,440.5 19	221.5 21	1,009.7 28
18 •	PRIMERICA Greenwich, Conn. ⁵	13,217.1	3,761.8 15	198.6 22	1,302.7 22
19 17	PAINE WEBBER GROUP New York ⁶	12,956.2	2,437.0 28	72.0 40	1,092.6 26
20 18	CONTINENTAL New York	12,151.4	6,731.2 11	233.7 19	2,558.0 11
21 21	KEMPER Long Grove, Ill.	10,741.5	3,668.6 17	251.4 17	1,548.0 18
22 •	CAPITAL HOLDING Louisville, Ky.	10,385.6	3,351.1 22	172.1 29	1,243.3 23
23 23	USF&G Baltimore	10,141.2	4,826.1 13	372.8 11	1,724.2 15
24 22	FIREMAN'S FUND Novato, Calif.	9,602.0	3,927.0 14	362.0 12	1,511.0 20
25 24	GENERAL RE Stamford, Conn.	9,437.8	3,448.4 18	510.8 6	2,563.2 10
26 28	CHUBB Warren, N.J.	8,609.4	3,714.4 16	330.1 14	1,953.4 13
27 25	ST. PAUL COS. St. Paul	8,398.9	3,365.8 20	356.5 13	1,711.4 16
28 26	AMERICAN FINANCIAL Cincinnati	7,835.9	2,707.8 24	126.7 33	110.6 48
29 29	RELiance GROUP HOLDINGS New York	7,179.8	3,363.2 21	125.9 34	309.9 46
30 30	AON Chicago ⁷	7,084.2	185.1 50	156.2 31	1,130.2 25
31 27	BENEFICIAL Wilmington, Del.	6,929.2	1,241.5 36	174.6 26	810.3 32
32 31	SAFECO Seattle	6,615.3	2,592.5 25	253.0 16	1,435.4 21
33 32	HOME GROUP New York	6,439.8	2,495.4 27	172.2 28	901.0 30
34 33	INTEGRATED RESOURCES New York	6,252.5	1,110.7 39	51.6 43	520.3 39
35 41	LOMAS & NETTLETON FINANCIAL Dallas ⁸	5,564.9	632.4 43	45.4 44	668.0 33
36 •	KAUFMAN & BROAD Los Angeles ⁸	5,385.3	1,318.0 32	57.3 42	340.5 45
37 35	SARCLAYSAMERICAN CORP. Charlotte, N.C.	4,330.0	576.7 44	27.7 46	557.7 37
38 •	COMMERCIAL CREDIT Baltimore	4,306.4	912.3 41	23.7 47	646.4 34
39 36	FARMERS GROUP Los Angeles	3,462.4	1,132.9 37	268.3 15	1,327.7 19
40 39	SOUTHBANK Dallas ⁸	3,294.5	868.2 42	85.2 38	860.6 31
41 34	DCNY New York	3,029.0	276.8 47	30.1 45	130.8 47
42 37	GEICO Washington, D.C.	2,845.8	1,580.2 31	177.9 25	634.7 35
43 38	OLD REPUBLIC INTERNATIONAL Chicago	2,757.7	1,094.5 40	102.8 37	517.3 40
44 40	OHIO CASUALTY Hamilton	2,682.4	1,444.9 33	78.6 39	615.7 36
45 42	ALEXANDER & ALEXANDER SERVICES New York	2,609.7	1,118.7 38	68.4 41	389.4 44
46 43	SECURITY CAPITAL New York ⁹	2,365.3	235.4 49	(28.1) 49	29.4 50
47 44	HANOVER INSURANCE COS. Worcester, Mass.	2,299.2	1,411.1 34	112.0 35	529.6 38
48 •	LANDMARK LAND Carmel, Calif.	2,134.4	263.4 48	(47.5) 50	35.6 49
49 46	UNITED STATES LEASING INTERNATIONAL San Francisco ¹⁰	1,961.4	486.0 45	20.5 48	510.0 41
50 •	ARGONAUT GROUP Los Angeles	1,846.6	425.6 46	170.8 30	405.0 43
TOTALS		977,989.5	216,729.5	12,080.9	79,546.8

• Not on last year's list.

• Reflects an extraordinary credit of at least 10%; see the explanations of "profits" and "earnings per share" on page D37.

† Average for the year; see the reference to "employees" on page D37.

† Reflects an extraordinary charge of at least 10%; see the explanations of "profits" and "earnings per share" on page D37.

§ Dividends paid on mandatory redeemable preferred stock subtracted from net income.

N.A. Not available.

¹ Total assets shown as of December 31, 1987, unless otherwise

noted. Only assets of consolidated subsidiaries are included. Holding companies engaged in commercial banking; savings; or life, health, and accident insurance are listed here only when assets of those businesses represent less than 80% of the company's total.

² Total revenues during the year, including any consolidated or

THE SERVICE 500

	EMPLOYEES		PROFITS AS PERCENT OF STOCKHOLDERS' EQUITY		EARNINGS PER SHARE				TOTAL RETURN TO INVESTORS				RANK	
	Number	Rank	%	Rank	1987/\$	1986/\$	1977/\$	1977-87 annual growth rate		1987		1977-87 annual average		1987
								%	Rank	%	Rank	%	Rank	
	84,278	1	11.7	35	1.20	2.77	0.91	2.8	29	(17.2)	25	14.3	28	1
	2,500	43	20.8	12	4.66	2.49	2.77	5.3	25	(24.4)	30	10.9	34	2
	8,000	28	5.1	45	0.86	3.45	0.94	(0.9)	33	(48.0)	45	17.1	18	3
	43,900	4	15.0§	28	7.95	9.12	5.25	4.2	28	(15.8)	21	12.8	31	4
	43,600	5	11.7	34	3.58	4.30	0.63	19.1	5	(36.9)	39	15.3	23	5
	48,427	3	13.5§	32	8.64	9.92	5.51	4.6	26	(16.7)	23	7.2	36	6
	33,373	7	7.8	41	3.56	5.52	3.00	1.7	32	(16.9)	24	14.7	25	7
	5,535	36	10.3	38	3.12	5.14	0.23	29.6	1	(39.6)	40	27.3	4	8
	6,517	31	20.3	15	8.99	8.42	N.A.	—	—	(20.0)	27	—	—	9
	30,000†	8	18.0	20	5.34	4.90	1.04	19.8	3	(1.5)	13	19.1	14	10
	5,700	34	18.5	19	2.02	1.54	N.A.	—	—	(32.0)	37	—	—	11
	17,500	14	11.0	36	1.82	2.58	0.72	9.8	14	1.0	11	25.5	6	12
	17,600	13	16.3	25	5.47	3.57	2.53	8.0	20	0.5	12	13.8	29	13
	1,194	47	36.9§	4	4.14	3.08	N.A.	—	—	7.2	7	—	—	14
	23,900	10	21.4	8	8.92	6.69	1.86	17.0	6	16.0	4	32.7	2	15
	14,375	18	10.3§	37	5.19	6.12	2.75	6.6	23	(9.5)	19	15.3	24	16
	22,029	11	20.9§	10	5.57	4.48†	2.90	6.7	22	(13.5)	20	16.7	22	17
	24,800†	9	13.7§	31	3.35	3.21	2.74	2.0	30	(40.3)	41	9.4	35	18
	12,900†	19	6.6	43	2.17	2.51	0.98	8.3	19	(53.7)	47	16.2	21	19
	17,700	12	8.8§	40	3.69	7.42	4.61	(2.2)	34	(8.3)	16	11.9	33	20
	16,600	15	16.1§	27	4.12	3.40**	1.66	9.5	16	(16.3)	22	17.7	15	21
	8,200	27	13.8	29	3.35	5.25	1.15	11.3	11	(9.3)	17	14.4	27	22
	10,000	22	20.7§	13	3.63	4.43	3.01	1.9	31	(23.8)	28	14.5	26	23
	12,352	20	24.0	6	5.71	3.45	N.A.	—	—	(25.8)	32	—	—	24
	2,412	44	19.9	16	5.04	3.22	2.01	9.6	15	2.5	10	20.5	10	25
	9,800	23	16.9	24	7.95	7.05	2.81	10.9	12	(3.1)	15	19.3	12	26
	10,574	21	20.8	11	7.45	4.75**	3.20	8.8	17	18.4	3	16.6	20	27
	52,800	2	77.0§	1	N.A.	N.A.	N.A.	—	—	—	—	—	—	28
	9,461	24	40.6	3	1.68	0.50†	N.A.	—	—	(25.2)	31	—	—	29
	9,200	25	13.8§	30	2.36	3.70	1.36	5.6	24	(9.3)	18	17.6	16	30
	6,600	30	20.5§	14	7.09	(8.30)	3.64	6.9	21	(34.8)	38	12.7	32	31
	8,500	26	17.6	21	3.75	3.39	1.33	10.9	13	7.2	8	21.2	8	32
	7,500	29	19.1	18	4.82	4.59**	N.A.	—	—	(42.4)	44	—	—	33
	3,752	39	9.9	39	2.73	(1.73)	0.30	24.7	2	(24.1)	29	19.6	11	34
	4,000	38	6.8	42	1.49	2.19	0.38	14.5	8	(40.7)	43	23.9	7	35
	2,100	45	16.2§	26	1.83	1.47**	0.42	15.8	7	22.9	2	20.7	9	36
	3,171	41	5.0	46	N.A.	N.A.	N.A.	—	—	—	—	—	—	37
	3,700	40	3.7	48	0.48	1.17	N.A.	—	—	10.1	6	—	—	38
	15,508	17	17.6	23	3.88	3.09	1.04	14.1	9	6.7	9	17.2	17	39
	39,359	6	5.9§	44	1.09	1.54	N.A.	—	—	(40.5)	42	—	—	40
	386	50	23.0	7	3.74	3.07	(0.15)	—	—	(29.0)	34	36.3	1	41
	6,172	32	28.0	5	10.67	12.61	2.96**	13.7	10	13.4	5	32.5	3	42
	4,600	37	19.9	17	5.09	3.38†	2.24	8.6	18	(17.2)	26	13.1	30	43
	5,900	33	12.8	33	3.48	4.54	2.29	4.3	27	(2.9)	14	17.0	19	44
	16,481	16	17.6	22	1.62	1.05	2.02	(2.2)	35	(30.2)	36	1.2	37	45
	1,035	48	—	—	(5.03)	(1.52)	(0.02)†	—	—	(51.4)	46	(2.4)	38	46
	5,678	35	21.1	9	5.43	4.70	0.95	19.1	4	(26.0)	33	19.3	13	47
	3,000	42	—	—	(5.96)	1.26	0.14**	—	—	(29.9)	35	26.6	5	48
	1,761	46	4.0	47	N.A.	3.97	2.52	—	—	—	—	—	—	49
	947	49	42.2	2	14.59	1.95	N.A.	—	—	41.67	1	—	—	50

684,691

non-financial revenues from manufacturing, retailing, etc., and revenues from discontinued operations when published. All companies on the list must have derived more than 50% of their revenues from financial businesses and have a publicly traded stock.

† Figures are for fiscal year ended April 30, 1987.

‡ Formed by the merger of Fleet Financial Group (No. 20 on last year's Diversified Financial list) and Norstar Bancorp. (No. 44 on last year's Commercial Banks list), January 1, 1988.

§ Company was No. 2 on last year's Diversified Service list.

* Figures are for fiscal year ended June 30, 1987.

† Name changed from Combined International Corp., April 23, 1987.

‡ Figures are for fiscal year ended November 30, 1987.

* Figures are for fiscal year ended September 30, 1987.

† Company was acquired by Ford Motor, No. 3 on the FORTUNE 500 Industrial list, on November 10, 1987.

THE 50 LARGEST SAVINGS INSTITUTIONS

RANK BY ASSETS	1987	1986	COMPANY	ASSETS ¹	DEPOSITS ¹	LOANS	PROFITS
				\$ Millions	\$ Millions Rank	\$ Millions Rank	\$ Millions Rank
1	1		FINANCIAL CORP. OF AMERICA Irvine, Calif.	33,864.2	16,682.9 3	29,075.6 1	(468.0) 50
2	3		H. F. AHMANSON Los Angeles	30,507.3	22,432.7 1	24,010.0 3	200.2 1
3	2		GREAT WESTERN FINANCIAL CORP. Beverly Hills, Calif.	28,631.4	19,974.2 2	25,158.0 2	125.3 5
4	4		CALFED Los Angeles	24,582.5	16,089.8 4	17,531.0 4	166.9 2
5	5		MERITOR FINANCIAL GROUP Philadelphia	19,016.5	12,915.4 5	16,611.7 5	(395.8) 49
6	6		GLENFED Glendale, Calif. ²	18,925.5	12,782.6 6	13,214.1 6	148.7 3
7	7		GREAT AMERICAN FIRST SAVINGS BANK San Diego	15,242.2	10,639.9 8	9,461.7 11	88.1 10
8	•		GOLDOME Buffalo	15,153.4	11,033.8 7	10,116.9 10	16.7 35
9	9		GIBRALTAR FINANCIAL CORP. Beverly Hills, Calif.	14,983.1	7,774.3 15	6,072.2 16	(131.1) 48
10	10		HOME FEDERAL SAVINGS & LOAN ASS'N San Diego	14,109.1	10,500.0 9	12,387.9 7	103.0 8
11	14		CROSSLAND SAVINGS New York	13,774.6	7,748.0 14	11,616.2 8	100.1 9
12	8		GOLDEN WEST FINANCIAL CORP. Oakland	12,835.5	8,427.4 11	11,151.2 9	146.9 4
13	15		COAST SAVINGS & LOAN ASS'N Los Angeles	11,952.0	8,624.9 10	9,420.2 12	57.1 13
14	11		FIRST FEDERAL OF MICHIGAN Detroit	11,882.6	5,202.5 20	4,571.5 24	33.4 18
15	13		COLUMBIA SAVINGS & LOAN ASS'N Beverly Hills, Calif.	11,227.3	7,176.0 16	1,894.9 49	119.3 6
16	18		DIME SAVINGS BANK OF NEW YORK Garden City	10,944.2	8,093.5 12	9,345.6 13	113.6** 7
17	16		IMPERIAL CORP. OF AMERICA San Diego	10,874.5	7,023.4 18	6,178.9 15	51.3 14
18	17		EMPIRE OF AMERICA FEDERAL SAVINGS Buffalo	10,856.0	7,996.6 13	6,647.3 14	12.7 39
19	12		CITYFED FINANCIAL CORP. Palm Beach, Fla.	10,810.8	7,089.1 17	6,058.1 17	13.2 38
20	22		CENTRUST SAVINGS BANK Miami ⁴	7,772.2	4,691.9 21	2,699.9 43	61.5** 12
21	•		ANCHOR SAVINGS BANK Hewlett, N.Y.	7,404.1	6,295.1 19	5,342.8 18	84.1** 11
22	20		UNITED FINANCIAL GROUP Houston	7,146.7	3,241.5 33	4,933.5 20	(118.0) 47
23	26		ATLANTIC FINANCIAL FEDERAL Bala Cynwyd, Pa. ⁴	7,017.6	3,983.3 25	4,421.1 26	24.1 28
24	29		NORTHEAST SAVINGS Hartford ²	6,264.7	3,714.0 26	5,131.5 19	33.3 21
25	23		WESTERN SAVINGS & LOAN ASS'N Phoenix	6,052.3	4,469.4 22	3,542.7 30	33.4 20
26	21		CARTERET SAVINGS & LOAN ASS'N Morristown, N.J. ⁴	5,910.2	4,358.8 23	4,521.5 25	33.4 19
27	19		TCF BANKING & SAVINGS Minneapolis	5,858.3	3,369.8 31	4,878.4 21	(71.8)† 46
28	42		COMMERCIAL FEDERAL CORP. Omaha ²	5,764.3	3,113.5 34	4,736.6 22	17.7 34
29	28		AMERICAN CAPITAL CORP. Miami	5,752.7	3,407.4 29	2,910.7 36	.2 44
30	25		WASHINGTON MUTUAL SAVINGS BANK Seattle	5,707.6	3,493.3 28	2,984.4 35	40.0 16
31	24		HOMESTEAD FINANCIAL CORP. Burlingame, Calif.	5,512.9	2,736.9 39	1,917.2 48	24.7 26
32	27		FLORIDA FEDERAL S&L ASS'N St. Petersburg ²	5,408.7	3,514.3 27	2,991.1 34	(43.9)† 45
33	31		FINANCIAL CORP. OF SANTA BARBARA Santa Barbara, Calif.	5,347.1	2,251.9 48	4,687.6 23	2.8 42
34	30		AMERICAN CONTINENTAL CORP. Phoenix	5,095.2	3,374.5 30	1,170.2 50	19.3 31
35	33		HOWARD SAVINGS BANK Newark, N.J.	4,880.6	4,204.0 24	3,325.6 32	21.9 17
36	32		PERPETUAL SAVINGS BANK Alexandria, Va. ⁴	4,567.4	3,249.8 32	2,456.5 45	19.2 32
37	35		AMERIFIRST FEDERAL S&L ASS'N Miami ⁴	4,537.3	2,895.7 36	2,728.1 40	10.9 40
38	34		PACIFIC FIRST FINANCIAL CORP. Tacoma	4,508.6	2,539.5 42	3,899.9 27	24.4† 27
39	36		OLD STONE CORP. Providence	4,424.8	2,874.2 37	3,766.6 28	14.2** 37
40	39		SEAMEN'S CORP. New York	4,124.1	2,372.0 46	3,615.4 29	18.3 33
41	37		AMERICAN SAVINGS BANK New York	4,052.7	2,993.9 35	3,245.7 33	45.8** 15
42	41		CITADEL HOLDING CORP. Glendale, Calif.	3,829.5	2,566.9 41	3,330.6 31	26.5 25
43	43		FAR WEST FINANCIAL Newport Beach, Calif.	3,719.5	2,835.2 38	2,589.0 44	4.5 41
44	38		WESTERN CAPITAL INVESTMENT Denver	3,607.1	2,324.7 47	2,827.3 38	.3 43
45	44		SOCIETY FOR SAVINGS Hartford	3,557.6	2,716.8 40	2,705.2 42	31.3 23
46	40		FARM & HOME SAVINGS ASS'N Nevada, Mo.	3,495.1	2,412.6 45	2,814.0 39	19.7 30
47	49		VALLEY FEDERAL S&L ASS'N Van Nuys, Calif.	3,324.6	2,436.7 44	2,903.8 37	16.5 36
48	•		ROCHESTER COMMUNITY SAVINGS BANK Rochester, N.Y.	3,272.4	2,088.1 49	2,293.1 47	27.0** 24
49	•		DOWNEY SAVINGS & LOAN ASS'N Costa Mesa, Calif.	3,177.1	2,526.2 43	2,350.1 46	33.2** 22
50	48		GREAT LAKES BANCORP Ann Arbor, Mich.	3,138.8	1,654.6 50	2,718.8 41	20.2 29
TOTALS				474,404.2	306,761.9	335,762.0	989.5

• Not on last year's list.

** Reflects an extraordinary credit of at least 10%; see the explanations of "profits" and "earnings per share" on page D37.

† Reflects an extraordinary charge of at least 10%; see the explanations of "profits" and "earnings per share" on page D37.

‡ Dividends paid on mandatory redeemable preferred stock subtracted from net income.

N.A. Not available.

¹ As of December 31, 1987. All companies on the list must have derived more than 80% of their assets from chartered thrift institutions and have a publicly traded stock.

² Net of unearned discount and loan loss reserve. Figure includes lease financing.

THE SERVICE 500

	STOCKHOLDERS' EQUITY		EMPLOYEES		NET PROFITS AS PERCENT OF EQUITY		EARNINGS PER SHARE			1977-87 annual growth rate % Rank	TOTAL RETURN TO INVESTORS			RANK		
	\$ Millions	Rank	Number	Rank	%	Rank	1987/\$	1986/\$	1977/\$		1987 %	Rank	1977-87 annual average %	Rank	1987	
	(163.4)	50	5,918	5	—	—	(13.29)	2.25	0.31	—	(85.0)	44	0.7	10	1	
	1,799.7	2	10,526	2	11.1	26	2.03	3.22	1.52	3.0	5	(20.2)	14	15.4	4	2
	1,851.9	1	11,547	1	6.8	36	1.67	2.81	1.32	2.4	6	(15.0)	12	13.7	6	3
	1,258.5	3	6,000†	4	13.3	20	6.67	7.03	N.A.	—	—	(32.7)	26	—	—	4
	569.1	11	5,200	8	—	—	(11.29)	0.65**	N.A.	—	—	(43.0)	36	0.5	11	5
	894.9	5	8,000	3	16.6	9	6.81	4.11**	N.A.	—	—	(6.6)	6	—	—	6
	615.5	9	3,839	12	14.3	17	3.68	4.18	N.A.	—	—	(25.2)	20	—	—	7
	451.3	13	5,329	6	3.7	40	N.A.	N.A.	N.A.	—	—	—	—	—	—	8
	196.7	31	2,925	15	—	—	(6.36)	2.66	1.98	—	—	(66.7)	42	(5.4)	13	9
	846.4	6	4,171	9	12.2	23	4.82	4.87	N.A.	—	—	(20.8)	16	—	—	10
	949.0	4	3,485	13	10.6	29	5.28	6.34**	N.A.	—	—	(21.3)	17	—	—	11
	792.1	7	2,760	17	18.5	5	4.69	5.89	1.24	14.2	3	(27.9)	23	22.2	2	12
	443.3	14	2,395	19	12.9	21	4.34	3.84	N.A.	—	—	27.6	2	—	—	13
	389.9	16	1,750	31	8.6	32	3.01	6.58‡	N.A.	—	—	(59.6)	40	—	—	14
	613.6	10	975	42	19.5	2	3.04	5.40	N.A.	—	—	(38.9)	30	—	—	15
	670.8	8	4,100	11	16.9	7	5.03**	N.A.	N.A.	—	—	(8.0)	8	—	—	16
	267.9	26	1,751	30	19.2	3	3.46	3.41	3.94	(1.3)	7	(41.8)	35	(1.8)	12	17
	216.2	29	4,100	10	5.9	38	0.46	4.24**	N.A.	—	—	(39.1)	31	—	—	18
	359.2	17	5,200	7	3.7	41	0.24	1.57	N.A.	—	—	—	—	—	—	19
	399.5	15	1,486	34	15.4	13	4.70**	6.97**	N.A.	—	—	(24.5)	19	—	—	20
	505.4	12	3,350	14	16.6	8	N.A.	N.A.	N.A.	—	—	—	—	—	—	21
	(41.9)	49	590	49	—	—	(14.53)	(4.55)	N.A.	—	—	(75.0)	43	—	—	22
	202.8	30	2,117	22	11.9	24	4.89	3.39	N.A.	—	—	(20.0)	13	—	—	23
	312.7	22	1,840	25	10.6	27	5.58	7.07	N.A.	—	—	(20.4)	15	—	—	24
	116.4	44	2,765	16	28.7	1	2.22	1.80	0.58	14.4	2	(49.3)	38	20.4	3	25
	290.3	23	1,800	27	11.5	25	2.52	3.83**	N.A.	—	—	11.5	3	—	—	26
	140.6	40	2,100	23	—	—	(10.08)‡	3.00	N.A.	—	—	—	—	—	—	27
	118.5	43	1,435	35	15.0§	16	2.69	3.16	N.A.	—	—	(47.0)	37	—	—	28
	115.5	45	2,210	20	0.2	43	(0.19)	0.55	(1.01)	—	—	(35.5)	29	9.6	9	29
	316.9	20	1,861	24	12.6	22	2.67	4.74	N.A.	—	—	(6.1)	5	—	—	30
	151.7	38	987	41	16.3	11	1.96	2.51	0.28	21.3	1	(33.5)	27	—	—	31
	181.0	36	1,800	28	—	—	(4.68)‡	(6.99)	N.A.	—	—	(64.4)	41	—	—	32
	41.9	48	900	44	6.6§	37	0.39	3.16	2.52	(17.0)	10	(56.5)	39	(5.4)	14	33
	136.8	41	1,790	29	14.1	18	0.72	1.01	N.A.	—	—	(7.1)	7	26.8	1	34
	334.3	18	1,535	32	10.4	30	2.41	1.75	N.A.	—	—	8.2	4	—	—	35
	269.0	25	1,500	33	7.1	35	1.10	1.20	N.A.	—	—	(33.6)	28	—	—	36
	193.7	32	2,400	18	5.6	39	N.A.	N.A.	N.A.	—	—	—	—	—	—	37
	229.7	27	1,317	37	10.6	28	3.25‡	3.14	N.A.	—	—	(26.5)	22	—	—	38
	188.9	34	2,179	21	7.5	34	0.83**	3.32	2.87	(11.7)	9	(30.4)	24	11.3	8	39
	97.4	47	400	50	18.8	4	1.10	1.89	N.A.	—	—	(32.6)	25	—	—	40
	327.7	19	1,055	39	14.0§	19	6.75	6.11**	N.A.	—	—	(8.7)	9	—	—	41
	172.6	37	813	45	15.4	14	7.72	8.43	N.A.	—	—	(39.1)	32	—	—	42
	142.7	39	750	46	3.2	42	0.54	3.01	0.80	(3.9)	8	(26.4)	21	13.1	7	43
	286.6	24	1,833	26	0.1§	44	0.03	(0.77)	N.A.	—	—	(14.7)	11	—	—	44
	190.0	33	750	47	16.5	10	2.91	2.15	N.A.	—	—	(40.2)	33	—	—	45
	218.2	28	719	48	9.0	31	2.77	3.07	N.A.	—	—	(12.1)	10	—	—	46
	110.2	46	1,344	36	15.0	15	2.45	2.75	N.A.	—	—	48.9	1	—	—	47
	315.0	21	1,200	38	8.6	33	1.95**	3.00	N.A.	—	—	—	—	—	—	48
	185.3	35	1,050	40	17.9	6	3.10**	5.36	0.82	14.2	4	(40.2)	34	14.0	5	49
	128.3	42	927	43	15.8	12	5.16	5.67	N.A.	—	—	(24.2)	18	—	—	50
19,399.6			136,774													

‡ Figures are for fiscal year ended June 30, 1987.

§ Figures are for fiscal year ended September 30, 1987.

¶ Figures are for fiscal year ended March 31, 1987.

* Figures are for fiscal year ended October 31, 1987.

SAVINGS

THE 50 LARGEST LIFE INSURANCE COMPANIES

RANK BY ASSETS 1987 1986	COMPANY	ASSETS ¹	PREMIUM AND ANNUITY INCOME ²	NET INVESTMENT INCOME	
		\$ Millions	\$ Millions Rank	\$ Millions Rank	
1 1	PRUDENTIAL OF AMERICA Newark, N.J.*	108,815.2	14,049.4 1	6,805.7 2	
2 2	METROPOLITAN LIFE New York*	88,140.1	13,963.8 2	6,897.8 1	
3 3	EQUITABLE LIFE ASSURANCE New York*	49,288.2	5,501.8 5	2,741.7 5	
4 4	AETNA LIFE Hartford ⁷	45,684.6	7,964.1 3	3,170.8 3	
5 6	TEACHERS INSURANCE & ANNUITY New York	33,210.4	3,059.7 11	3,134.1 4	
6 5	NEW YORK LIFE New York*	31,843.7	5,596.0 4	2,474.9 6	
7 8	TRAVELERS Hartford ⁸	28,595.5	3,826.6 8	2,276.3 7	
8 7	JOHN HANCOCK MUTUAL LIFE Boston*	27,354.9	4,403.1 6	2,089.7 8	
9 9	CONNECTICUT GENERAL LIFE Bloomfield ⁹	26,785.5	2,761.0 13	1,622.6 9	
10 10	NORTHWESTERN MUTUAL LIFE Milwaukee*	22,602.9	3,626.3 9	1,554.5 10	
11 11	MASSACHUSETTS MUTUAL LIFE Springfield*	19,879.3	2,509.8 15	1,482.5 12	
12 12	PRINCIPAL MUTUAL LIFE Des Moines*	19,027.7	3,985.5 7	1,518.4 11	
13 14	MUTUAL OF NEW YORK New York*	14,757.8	3,126.9 10	1,071.4 14	
14 13	NEW ENGLAND MUTUAL LIFE Boston*	14,204.3	2,703.7 14	1,018.7 15	
15 15	EXECUTIVE LIFE Los Angeles	11,400.3	1,077.0 37	1,134.8 13	
16 16	MUTUAL BENEFIT LIFE Newark*	10,096.0	2,020.7 18	891.0 16	
17 17	CONNECTICUT MUTUAL LIFE Hartford*	9,932.3	2,131.4 16	683.4 19	
18 19	IDS LIFE Minneapolis ¹⁰	8,963.4	1,536.9 26	650.6 20	
19 18	STATE FARM LIFE Bloomington, Ill.	8,453.5	1,348.7 29	739.7 18	
20 20	VARIABLE ANNUITY LIFE Houston	7,770.7	885.9 38	645.2 21	
21 21	NATIONWIDE LIFE Columbus, Ohio	7,299.0	1,133.6 36	428.1 27	
22 25	NEW YORK LIFE & ANNUITY Wilmington, Del.	7,123.1	1,759.5 22	571.8 22	
23 24	PACIFIC MUTUAL LIFE Newport Beach, Calif.*	6,981.4	1,627.2 23	502.0 23	
24 22	AETNA LIFE & ANNUITY Hartford	6,612.7	1,244.0 32	364.7 30	
25 29	EQUITABLE VARIABLE LIFE New York	6,606.2	1,835.2 20	448.6 26	
26 28	LINCOLN NATIONAL PENSION Fort Wayne ¹⁴	6,326.3	1,519.5 27	124.8 50	
27 23	CONTINENTAL ASSURANCE Chicago ¹¹	6,137.6	2,078.4 17	193.7 48	
28 38	ALLSTATE LIFE Northbrook, Ill. ¹²	5,972.3	2,936.9 12	405.8 28	
29 26	SOUTHWESTERN LIFE Dallas	5,799.2	762.0 41	279.3 39	
30 31	TRANSAMERICA LIFE & ANNUITY Los Angeles ¹³	5,533.2	1,576.8 25	494.0 24	
31 32	PROVIDENT NATIONAL ASSURANCE Chattanooga	5,241.6	1,226.1 33	471.6 25	
32 30	PHOENIX MUTUAL LIFE Hartford*	5,200.5	850.7 40	329.3 33	
33 34	TRANSAMERICA OCCIDENTAL LIFE Los Angeles ¹³	5,012.1	1,445.6 28	335.2 32	
34 27	LINCOLN NATIONAL LIFE Fort Wayne ¹⁴	4,932.1	1,612.6 24	124.8 49	
35 33	NORTHWESTERN NATIONAL LIFE Minneapolis ¹⁵	4,715.5	1,278.8 30	199.1 47	
36 36	STATE MUTUAL OF AMERICA Worcester, Mass.*	4,375.7	1,251.3 31	376.9 29	
37 39	GENERAL AMERICAN LIFE St. Louis*	4,369.5	1,165.7 35	328.9 34	
38 40	GUARDIAN OF AMERICA New York*	4,169.5	1,975.9 19	806.0 17	
39 42	MUTUAL OF AMERICA LIFE New York*	4,167.5	552.4 46	293.0 37	
40 35	UNUM LIFE Portland, Me.	4,144.8	514.3 47	343.6 31	
41 37	PENN MUTUAL LIFE Philadelphia*	4,099.5	640.4 45	279.3 40	
42 41	MINNESOTA MUTUAL LIFE St. Paul*	4,005.3	874.4 39	300.4 36	
43 43	FRANKLIN LIFE Springfield, Ill. ¹⁶	3,961.7	723.8 44	307.0 35	
44 44	KEMPER INVESTORS LIFE Chicago ¹⁷	3,932.8	754.4 43	285.6 38	
45 46	WESTERN & SOUTHERN LIFE Cincinnati	3,909.1	403.8 50	223.8 46	
46 •	KEYSTONE PROVIDENT LIFE Providence, R.I. ⁸	3,835.7	759.5 42	274.4 41	
47 •	PROVIDENT LIFE & ACCIDENT Chattanooga	3,648.4	1,821.0 21	260.8 43	
48 45	NATIONAL LIFE Montpelier, Vt.*	3,590.9	486.4 48	226.7 45	
49 50	HOME LIFE New York*	3,541.5	1,212.4 34	246.8 44	
50 47	AMERICAN GENERAL LIFE Nashville	3,472.4	416.2 49	274.1 42	
TOTALS		735,822.2	122,516.9	52,703.9	

DATA FOR ALL COMPANIES ARE CALCULATED ON THE STATUTORY ACCOUNTING BASIS REQUIRED BY STATE INSURANCE REGULATORY AUTHORITIES.

- Not on last year's list.
- * Indicates a mutual company.
- N.A. Not available.

- ¹ As of December 31, 1987.
- ² Includes premium income from life, accident, and health policies, annuities, and contributions to deposit administration funds.
- ³ After dividends to policyholders and federal income taxes, excluding capital gains and losses. Figures in parentheses indicate a loss.

- ⁴ Face value of all life policies, including variable life insurance, as of December 31, 1987.
- ⁵ Change between December 31, 1986, and December 31, 1987.

THE SERVICE 500

	NET GAIN FROM OPERATIONS ¹			LIFE INSURANCE IN FORCE ²		INCREASE IN LIFE INSURANCE IN FORCE ³				EMPLOYEES ⁴		RANK
	\$ Millions	Mutual Rank	Stock Rank	\$ Millions	Rank	\$ Millions	Rank	%	Rank	Number	Rank	
	930.2	1		644,896.7	1	42,502.9	2	7.1	28	66,167	1	1
	359.9	2		569,446.2	2	50,031.6	1	9.6	21	36,200	2	2
	147.7	4		313,217.5	3	22,019.1	5	7.6	26	26,000	4	3
	197.9		4	221,000.6	4	7,889.3	13	3.7	31	17,235	10	4
	206.0		3	19,217.8	31	1,951.8	27	11.3	16	3,065	34	5
	137.1	5		209,647.5	5	22,851.1	4	11.0	17	20,270	7	6
	62.8		7	161.2	39	10.0	35	—		33,373	3	7
	165.8	3		177.4	38	10.9	34	—		16,435	11	8
	232.0		1	131,536.4	7	10,687.3	11	8.8	23	12,187	13	9
	20.1	11		157,594.2	6	20,515.5	6	15.0	10	8,303	18	10
	22.3	10		86.2	43	9.6	36	—		11,405	14	11
	66.1	5		79,535.6	12	7,340.2	14	10.2	19	10,184	15	12
	32.8	8		68,070.1	16	7,018.3	15	12.2	15	9,337	17	13
	(73.5)	24		62.6	45	2.7	37	—		7,332	20	14
	13.4		18	53,370.9	18	7,917.3	12	17.4	7	850	43	15
	35.4	7		58.0	47	2.2	38	—		4,594	24	16
	13.5	14		51,645.6	19	3,906.7	20	8.2	24	23,198	5	17
	46.4		11	18,746.1	32	2,823.5	22	15.2	9	6,626	21	18
	99.7		6	119,968.4	8	14,004.2	10	13.2	12	18,698	8	19
	21.0		14	2.9	49	(.3)	41	—		1,309	40	20
	15.8		16	20,741.9	30	1,506.9	28	8.0	25	6,548	22	21
	(42.5)		23	43,973.8	20	4,838.5	18	12.4	14	20,270	6	22
	9.7	16		32,790.3	22	2,094.2	26	6.8	29	3,105	33	23
	(42.7)		24	25,233.1	26	2,966.1	21	13.3	11	3,472	30	24
	(117.2)		26	73,069.3	13	16,250.5	9	28.6	4	N.A.		25
	24.1		13	130.0	41	23.4	32	22.0	6	1,567	39	26
	58.1		8	63,670.9	17	5,039.5	17	7.3	27	13,823	12	27
	(87.0)		25	87,427.5	11	19,776.4	7	29.2	3	17,633	9	28
	180.2	5		42,275.8	21	(4,163.7)	48	—		1,100	42	29
	(4.4)		20	115.7	42	(280.0)	45	—		1,193	41	30
	18.5		15	N.A.		N.A.		—		75	48	31
	14.3	13		69,491.4	15	4,029.0	19	6.2	30	3,407	31	32
	51.7		10	187.0	37	22.5	33	—		4,417	25	33
	14.4		17	143.5	40	(13.5)	43	—		2,820	35	34
	30.4		12	60.6	46	2.1		—		9,373	16	35
	11.7	15		31,268.3	23	(4,190.9)	49	—		4,269	26	36
	1.5	20		104,371.8	9	19,726.4	8	23.3	5	2,799	36	37
	7.0	17		71,885.9	14	6,095.7	16	9.3	22	3,149	32	38
	1.5	21		2,349.3	35	(125.0)	44	—		800	44	39
	(25.6)	22		3,494.3	33	(730.8)	46	—		3,912	27	40
	2.2	19		23,086.3	29	(879.1)	47	—		2,494	38	41
	3.3	18		66.0	44	(4.1)	42	—		675	45	42
	55.7		9	25,690.0	24	2,273.4	25	9.7	20	3,806	28	43
	9.4		19	1,225.0	36	391.3	30	39.1	2	461	46	44
	32.5	9		28.0	48	.9	40	—		N.A.		45
	(9.0)		21	2,495.2	34	371.6	31	16.0	8	214	47	46
	(22.0)		22	93,314.0	10	34,154.3	3	57.7	1	5,880	23	47
	(45.5)	23		25,461.7	25	2,508.3	24	10.9	18	3,649	29	48
	16.3	12		24,524.4	27	2,761.4	23	12.7	13	2,538	37	49
	208.9		2	22,201.5	28	747.7	29	3.3	32	7,901	19	50
	3,108.1			3,550,521.8		336,686.8				464,118		

¹ Includes home office, field force, and full-time agents.

² Wholly owned by Aetna Life & Casualty (No. 4 on the Diversified Financial list).

³ Wholly owned by Travelers Corp. (No. 7 on the Diversified Financial list).

⁴ Wholly owned by CIGNA (No. 6 on the Diversified Financial list).

¹⁰ Wholly owned by American Express (No. 1 on the Diversified Financial list).

¹¹ Wholly owned by Loews (No. 15 on the Diversified Financial list).

¹² Wholly owned by Sears Roebuck (No. 1 on the Retail list).

¹³ Wholly owned by Transamerica (No. 13 on the Diversified Financial list).

¹⁴ Wholly owned by Lincoln National (No. 16 on the Diversified

Financial list).

¹⁵ Company is both stock (64% of assets) and mutual (36%).

¹⁶ Wholly owned by American Brands (No. 65 on the FORTUNE 500 Industrial list).

¹⁷ Wholly owned by Kemper (No. 21 on the Diversified Financial list).

JUNE 6, 1988 FORTUNE D26

THE 50 LARGEST RETAILING COMPANIES

RANK BY SALES	1987	1986	COMPANY	SALES ¹	ASSETS	PROFITS	STOCKHOLDERS' EQUITY
				\$ Millions	\$ Millions Rank	\$ Millions Rank	\$ Millions Rank
1	1		SEARS ROEBUCK Chicago ²	48,439.6	74,991.3 1	1,649.4 1	13,587.6 1
2	2		K MART Troy, Mich.	25,626.6	11,106.0 2	692.2 2	4,409.0 2
3	3		SAFEWAY STORES Oakland, Calif. ³	18,301.3	4,917.5 11	(495.4) 50	(461.8) 50
4	4		KROGER Cincinnati ⁴	17,659.7	4,397.5 13	246.6** 10	1,063.7 15
5	7		WAL-MART STORES Bentonville, Ark.	15,959.3	5,131.8 10	627.6 3	2,257.3 7
6	5		J.C. PENNEY Dallas	15,332.0	10,842.0 3	608.0 4	4,173.0 3
7	6		AMERICAN STORES Salt Lake City	14,272.4	3,650.2 17	154.3 16	885.7 17
8	9		FEDERATED DEPARTMENT STORES Cincinnati	11,117.8	4,008.7 7	313.0 7	2,429.1 6
9	11		DAYTON HUDSON Minneapolis	10,677.3	6,075.5 6	228.4 13	1,986.0 8
10	10		JAY DEPARTMENT STORES St. Louis	10,314.0	6,181.0 5	444.0 6	2,723.0 5
11	13		WINN-DIXIE STORES Jacksonville, Fla. ⁴	8,603.9	1,417.7 28	112.3 23	739.4 21
12	8		SOUTHLAND Dallas ⁵	8,076.5	5,382.2 8	(66.4) 47	1,597.0 10
13	14		GREAT ATLANTIC & PACIFIC TEA Montvale, N.J. ⁶	7,834.9	2,080.2 21	95.0 25	755.7 20
14	15		F.W. WOOLWORTH New York	7,134.0	3,299.0 18	251.0 9	1,716.0 9
15	12		LUCKY STORES Dublin, Calif.	6,924.8	1,287.9 32	151.7 17	327.3 39
16	19		MARLBOTT Bethesda, Md. ⁷	6,522.2	5,370.5 9	223.0 14	810.8 19
17	18		ZAYRE Framingham, Mass.	6,186.5	2,177.5 20	143.3 19	731.3 22
18	20		MELVILLE Harrison, N.Y. ⁸	5,930.3	2,231.1 19	285.4 8	1,458.6 12
19	17		ALBERTSON'S Boise, Idaho	5,869.4	1,402.1 29	125.4 22	665.2 24
20	*		R.H. MACY New York ⁷	5,210.4	4,202.9 14	(13.8) 45	(34.3) 48
21	23		MCDONALD'S Oak Brook, Ill. ²	4,893.5	6,981.6 4	596.5 5	2,916.7 4
22	*		WICKES COS. Santa Monica, Calif.	4,770.0†	4,416.9 12	83.8 30	1,056.3 16
23	22		MONTGOMERY WARD Chicago ^{2,4}	4,639.0	3,729.0 16	130.0 20	1,539.0 11
24	25		STOP & SHOP COS. Boston	4,343.0	1,254.3 33	55.7 33	453.4 32
25	27		WALGREEN Deerfield, Ill. ⁴	4,281.6	1,361.9 30	103.5 24	622.3 27
26	26		PUBLIX SUPER MARKETS Lakeland, Fla. ⁴	4,152.4	1,006.5 40	87.2 28	659.4 25
27	21		ALLIED STORES New York ⁷	3,953.1	3,924.6 15	(169.4) 49	183.9 45
28	28		THE LIMITED Columbus, Ohio	3,527.9	544.6 49	235.2 12	729.2 23
29	29		TANDY Fort Worth ⁴	3,452.2	1,962.6 23	242.3 11	1,380.0 13
30	33		PRICE San Diego ⁸	3,236.3	833.0 42	73.3 31	379.3 36
31	34		TOYS "R" US Rochelle Park, N.J.	3,136.6	2,027.1 22	203.9 15	1,135.3 14
32	35		FOOD LION Salisbury, N.C. ²	2,953.8	805.8 44	85.8 29	339.2 38
33	24		CARTER HAWLEY HALE STORES Los Angeles ⁷	2,869.2	1,437.2 27	(115.3) 48	(252.1) 49
34	32		CAVENHAM (USA) Darien, Conn. ⁹	2,745.6	604.8 48	54.1 40	197.1 44
35	31		SERVICE MERCHANDISE Nashville ³	2,719.1	1,552.8 25	30.9 42	306.8 41
36	30		REYCO D.S. Twinsburg, Ohio ¹⁰	2,679.6†	1,887.8 24	(59.5) 46	(22.4) 47
37	37		GIANT FOOD Landover, Md. ⁴	2,528.5	759.4 46	46.3 38	299.9 42
38	48		RITE AID Shiremanstown, Pa. ⁸	2,486.3	1,224.2 36	144.6** 18	571.0 29
39	36		LOWE'S COS. North Wilkesboro, N.C.	2,442.2	1,027.3 39	61.2 32	582.4 28
40	39		CIRCLE K Phoenix ¹¹	2,289.4	1,136.5 37	49.4 35	310.0 40
41	44		DILLARD DEPARTMENT STORES Little Rock, Ark.	2,206.3	1,498.2 26	91.2 27	643.4 26
42	41		UNITED STATES SHOE Cincinnati	2,167.6	1,100.6 38	52.1 34	518.4 31
43	40		MERCANTILE STORES Wilmington, Del.	2,155.7	1,345.2 31	129.6 21	872.3 18
44	43		AMES DEPARTMENT STORES Rocky Hill, Conn.	2,111.9	846.7 41	34.2 39	424.9 33
45	38		BEST PRODUCTS Richmond	2,066.6	1,239.9 34	30.5 43	402.9 34
46	47		NOORDSTROM Seattle	1,920.2	1,234.3 35	92.7 26	533.2 30
47	46		LONGS DRUG STORES Walnut Creek, Calif.	1,772.5	474.0 50	49.2 36	299.8 43
48	49		PAYLESS CASHWAYS Kansas City ¹²	1,768.1	815.2 43	28.1‡ 44	379.4 35
49	*		BROWN GROUP St. Louis	1,678.4	683.4 47	46.9 37	355.0 37
50	*		HILLS DEPARTMENT STORES Canton, Mass.	1,514.3	764.9 45	32.5 41	(2.1) 46
TOTALS				343,653.7	210,633.4	8,281.6	59,833.7

* Not on last year's list.

† Includes sales from discounted operations of at least 10%.

** Reflects an extraordinary credit of at least 10%; see the explanations of "profits" and "earnings per share" on page D37.

† Average for the year; see the reference to "employees" on page D37.

‡ Reflects an extraordinary charge of at least 10%; see the explanations of "profits" and "earnings per share" on page D37.

§ Dividends paid on mandatory redeemable preferred stock subtracted from net income.

N.A. Not available.

¹ Net sales include operating revenues from non-retailing activities and revenues from discontinued operations when they are published. All figures are for the fiscal year ended January 31, 1988, unless otherwise noted. Sales of subsidiaries are in-

THE SERVICE 500

	EMPLOYEES		PROFITS AS PERCENT OF				EARNINGS PER SHARE				TOTAL RETURN TO INVESTORS				RANK	
	Number	Rank	SALES		STOCKHOLDERS' EQUITY		1987/\$	1986/\$	1977/\$	1977-87 annual growth rate % Rank	1987		1977-87 annual average % Rank		1987	
			%	Rank	%	Rank					%	Rank	%	Rank		
	500,327†	1	3.4	15	12.1	32	4.35	3.62	2.62	5.2	35	(12.3)	22	7.7	36	1
	330,000	2	2.7	21	15.7	21	3.40	2.90	1.62	7.7	29	4.9	12	9.0	34	2
	130,922	10	—	—	—	—	N.A.	N.A.	N.A.	—	—	—	—	—	—	3
	170,000†	6	1.4	38	23.2	7	2.99**	0.55	1.12	10.3	21	(14.3)	23	19.8	20	4
	183,000	4	3.9	12	27.8	3	1.11	0.79	0.05	37.0	1	12.2	8	46.0	2	5
	181,000	5	4.0	11	14.6	27	4.11	3.18**	2.25	6.2	32	23.7	5	14.8	27	6
	130,000	11	1.1	44	17.4	16	4.19	3.79	0.85 ³	17.2	10	(6.0)	20	22.2	16	7
	135,200	9	2.8	17	11.9	33	3.40	2.97	2.04	5.2	34	(18.5)	26	10.1	33	8
	130,000	12	2.1	30	11.5	34	2.41	3.19	1.26	6.7	31	(33.5)	31	13.7	29	9
	143,000	8	4.3	9	16.2§	20	2.90	2.44	1.24	8.9	26	(15.6)	25	17.8	22	10
	85,000	14	1.3	40	15.2	23	2.72	2.84	1.49	6.2	33	0.4	15	16.6	25	11
	65,800	17	—	—	—	—	0.67	3.96	1.49	(7.7)	38	—	—	—	—	12
	81,500	15	1.2	41	12.6	30	2.50	2.33	0.96**	10.0	22	61.7	2	16.3	26	13
	73,000	16	3.5	13	14.6	26	3.81	3.25	1.51	9.7	25	(8.1)	21	20.6	19†	14
	39,000	29	2.2	27	46.3	1	3.93	4.47	1.42	10.7	20	20.2	6	14.8	28	15
	213,900	3	3.4	14	27.5	4	1.67	1.40	0.20	23.8	4	3.9	13	29.9	6	16
	65,000	18	2.3	25	19.6	9	2.44	1.49	0.31	22.9	5	(40.7)	37	28.9	7	17
	90,500	13	4.8	8	19.6	10	5.25	4.40	1.47	13.5	18	0.9	14	18.7	21	18
	43,000	26	2.1	31	18.9	13	1.88	1.50	0.41	16.5	13	19.6	7	24.3	13	19
	56,000	20	—	—	—	—	N.A.	N.A.	N.A.	—	—	—	—	—	—	20
	159,000†	7	12.2	1	20.5	8	3.14	2.49	0.67	16.8	12	9.5	10	17.3	24	21
	62,637	19	1.8	34	7.9	41	1.65	1.65	13.14	(18.7)	39	(34.3)	32	(15.8)	39	22
	52,300	21	2.8	18	8.4	39	N.A.	N.A.	N.A.	—	—	—	—	—	—	23
	43,000	25	1.3	39	12.3	31	2.01	1.38	0.63	12.4	19	(15.0)	24	27.9	10	24
	47,115	24	2.4	23	16.6	18	1.68	1.67	0.29	19.1	7	(3.6)	18	34.0	4	25
	49,000	23	2.1	32	13.2	28	1.76	1.72	N.A.	—	—	—	—	—	—	26
	27,000	37	—	—	—	—	N.A.	N.A.	N.A.	—	—	—	—	—	—	27
	52,000	22	6.7	3	32.3	2	1.25	1.21	0.06	36.1	2	(45.3)	38	28.7	9	28
	39,000	28	7.0	2	17.6	15	2.70	2.22	0.52	17.9	9	(19.6)	27	22.8	14	29
	10,000	49	2.3	26	19.3	11	1.50	1.25	N.A.	—	—	—	—	—	—	30
	32,700	31	6.5	4	18.0	14	1.56	1.17	N.A.	—	—	9.6	9	—	—	31
	27,033	36	2.9	16	25.3	6	0.27	0.19	0.06	16.4	14	111.1	1	51.4	1	32
	35,000	30	—	—	—	—	(7.20)	(1.27)	2.37	—	—	(35.6)	34	11.4	31	33
	23,000	38	1.1	43	19.0	12	N.A.	N.A.	N.A.	—	—	—	—	—	—	34
	21,231	41	1.1	42	10.1	37	0.93	(1.41)	0.68	3.2	36	(54.2)	39	(3.6)	38	35
	28,200	33	—	—	—	—	N.A.	1.72	0.82	—	—	—	—	—	—	36
	22,000	40	1.8	33	15.5	22	1.55	1.90	0.36	15.8	15	42.4	3	38.2	3	37
	27,798	35	5.8	6	25.3	5	1.89**	1.52	0.39	17.2	11	24.4	4	24.6	12	38
	14,761	47	2.5	22	10.5	36	1.54	1.34	0.66	8.8	27	(36.9)	35	8.1	35	39
	20,983	44	2.2	28	14.7§	25	0.93	0.86	0.16	19.3	6	(33.2)	30	20.8	18	40
	21,168	42	4.1	10	10.8§	35	2.83	2.35	0.30	25.0	3	(34.8)	33	32.8	5	41
	40,145	27	2.4	24	10.1	38	1.16	0.57	0.46	9.7	23	(32.0)	29	17.5	23	42
	22,000†	39	6.0	5	14.9	24	3.52	3.02	0.85	15.3	16	(1.9)	17	22.5	15	43
	29,300	32	1.6	35	8.0	40	0.91	0.73	0.23	14.7	17	(55.9)	40	27.6	11	44
	18,000	46	1.5	37	7.6	42	1.14	(0.95)‡	1.29	(1.2)	37	(20.0)	28	(3.5)	37	45
	21,000†	43	4.8	7	17.4	17	1.13	0.91	0.20	18.9	8	(4.8)	19	28.9	8	46
	12,198	48	2.8	20	16.4	19	2.33	1.78	0.92	9.7	24	5.3	11	12.2	30	47
	8,560	50	1.6	36	7.4	43	0.81‡	1.22	0.39	7.6	30	(39.4)	36	10.5	32	48
	28,000	34	2.8	19	13.2	29	2.63	2.17	1.24	7.8	28	(1.4)	16	21.8	17	49
	20,500	45	2.1	29	—	—	1.31	N.A.	N.A.	—	—	—	—	—	—	50

3,857,778

cluded when they are consolidated. All companies on the list must have derived more than 50% of their revenues from retail operations.

² Figures are for fiscal year ended December 31, 1987.

³ Figure is for Skaggs.

⁴ Figures are for fiscal year ended June 30, 1987.

⁵ Figures are for fiscal year ended February 28, 1987.

⁶ Wholly owned by Mobil (No. 5 on the FORTUNE 500 Industrial list).

⁷ Figures are for fiscal year ended July 31, 1987.

⁸ Figures are for fiscal year ended August 31, 1987.

⁹ Figures are for fiscal year ended March 31, 1987.

¹⁰ Figures are for fiscal year ended May 31, 1987.

¹¹ Figures are for fiscal year ended April 30, 1987.

¹² Figures are for fiscal year ended November 30, 1987.

THE 50 LARGEST TRANSPORTATION COMPANIES

RANK BY REVENUES 1987 1986	COMPANY	OPERATING REVENUES ¹	ASSETS	PROFITS ²	STOCKHOLDERS' EQUITY	
		\$ Millions	\$ Millions Rank	\$ Millions Rank	\$ Millions Rank	
1	1	ALLEGIS Elk Grove, Ill. ²	11,013.0†	8,226.3 8	335.1 5	2,922.1 8
2	2	UNITED PARCEL SERVICE OF AMERICA Greenwich, Conn.	9,682.2	5,801.8 10	784.2 1	3,027.5 7
3	9	TEXAS AIR Houston	8,475.0	8,419.1 7	(466.1) 50	500.6 19
4	5	CSX Richmond	8,043.0	13,231.0 1	138.0 11	5,008.0 2
5	6	AMR Fort Worth	7,198.0	8,423.3 6	198.4 8	2,831.1 9
6	3	BURLINGTON NORTHERN Seattle	6,620.9	10,948.3 3	369.3 4	3,762.8 5
7	4	UNION PACIFIC New York	5,943.0	10,919.0 4	583.0 2	3,761.0 6
8	7	SANTA FE SOUTHERN PACIFIC Chicago	5,749.7	11,762.2 2	373.3 3	5,207.9 1
9	8	DELTA AIR LINES Atlanta ⁴	5,318.2	5,342.4 11	263.7 7	1,937.9 10
10	11	IsaWA Eagan, Minn.	5,142.2	4,219.5 14	103.0 14	1,523.1 12
11	10	NORFOLK SOUTHERN Norfolk, Va.	4,112.8	9,831.6 5	172.4 10	4,979.5 3
12	12	TRANS WORLD AIRLINES New York	4,056.4	4,224.2 13	106.2** 13	292.4 26
13	13	PAN AM New York	3,592.6	2,215.8 16	(265.3) 49	(244.9) 50
14	•	CONSOLIDATED RAIL Philadelphia	3,247.0	6,796.0 9	299.0** 6	3,825.0 4
15	14	FEDERAL EXPRESS Memphis ⁵	3,196.0	2,499.5 15	(65.6) 48	1,078.9 13
16	17	USAIR GROUP Arlington, Va.	3,001.1	5,256.8 12	194.6 9	1,894.9 11
17	15	CONSOLIDATED FREIGHTWAYS Palo Alto, Calif.	2,296.9	1,377.3 20	74.6 16	687.9 15
18	19	ROADWAY SERVICES Akron	1,908.7	1,105.5 22	50.5 18	661.7 17
19	21	AMERICAN PRESIDENT COMPANIES Oakland	1,862.0	1,599.1 18	79.1 15	704.9 14
20	18	YELLOW FREIGHT SYSTEM Overland Park, Kans.	1,760.0	923.9 28	41.3 19	392.9 23
21	20	LEASEWAY TRANSPORTATION Beachwood, Ohio ⁶	1,473.9	996.7 24	(22.6) 45	57.3 37
22	22	TIGER INTERNATIONAL Los Angeles	1,231.9	995.8 25	57.8** 17	20.1 47
23	26	EMERY AIR FREIGHT Wilton, Conn.	1,221.6	811.1 30	(47.7) 47	143.0 29
24	23	CNW Chicago	957.2	1,716.3 17	27.6 21	418.9 21
25	28	SOUTHWEST AIRLINES Dallas	778.3	1,042.6 23	20.2 25	514.3 18
26	31	ARKANSAS BEST Fort Smith	732.3	379.1 35	8.8 31	113.9 33
27	39	ALASKA AIR GROUP Seattle	709.8	705.8 31	24.7 23	271.6 27
28	37	ALEXANDER & BALDWIN Honolulu	655.3	981.7 26	120.4 12	492.7 20
29	30	MAYFLOWER GROUP Carmel, Ind.	642.8	377.8 36	5.2 36	25.4 44
30	36	AIRBORNE FREIGHT Seattle	632.3	355.7 37	5.9 34	124.4 31
31	34	UNITED VAN LINES Fenton, Mo.	631.6	162.1 45	4.4 37	34.8 42
32	32	SOO LINE Minneapolis	613.1	921.9 29	(8.5) 40	253.2 28
33	33	CAROLINA FREIGHT Cherryville, N.C.	594.9	319.8 39	8.6 32	127.2 30
34	•	SUN CARRIERS Media, Pa. ^{7,10}	584.0	293.7 40	12.4 29	25.1 45
35	45	AMERICA WEST AIRLINES Phoenix	575.4	572.3 32	(45.7) 46	45.9 39
36	35	ALLIED VAN LINES Broadview, Ill.	575.0	104.4 49	5.4 35	41.5 41
37	29	ILLINOIS CENTRAL GULF RAILROAD Chicago ¹¹	554.0	1,400.3 19	1.5 38	409.3 22
38	38	KANSAS CITY SOUTHERN INDUSTRIES Kansas City, Mo.	526.2	927.0 27	17.7 27	361.1 24
39	40	PRESTON Preston, Md.	505.4	320.5 38	6.1 33	109.4 34
40	41	AMERICAN CARRIERS Overland Park, Kans.	472.5	209.0 43	(15.5) 43	84.0 35
41	•	AIR EXPRESS INTERNATIONAL Darien, Conn.	375.3	200.1 44	10.2** 30	25.0 46
42	42	GRAND TRUNK Detroit	366.9	548.7 33	12.7** 28	308.7 25
43	47	MIDWAY AIRLINES Chicago	346.9	244.4 42	18.8** 26	75.5 36
44	44	TRANSCON Orange, Calif.	333.4	133.8 47	(19.9) 44	50.4 38
45	50	HAL Honolulu	299.1	146.5 46	(8.8) 41	13.3 49
46	46	OVERSEAS SHIPHOLDING GROUP New York	293.5	1,258.8 21	35.5 20	662.2 16
47	•	J.B. HUNT TRANSPORT Lowell, Ark.	286.4	250.3 41	26.0 22	121.3 32
48	49	MISSOURI-KANSAS-TEXAS RAILROAD Dallas	244.1	411.4 34	22.2 24	14.2 48
49	48	BRANIFF Dallas ¹²	239.5	95.0 50	(9.0) 42	45.6 40
50	•	CHEMICAL LEAMAN Lionville, Pa.	226.6	119.5 48	1.1 39	27.0 43
TOTALS		119,898.1	140,124.6	3,644.4	49,791.3	

• Not on last year's list.

† Includes sales from discontinued operations of at least 10%.

** Reflects an extraordinary credit of at least 10%; see the explanations of "profits" and "earnings per share" on page D37.

† Average for the year; see the reference to "employees" on page D37.

† Reflects an extraordinary charge of at least 10%; see the explanations of "profits" and "earnings per share" on page D37.

§ Dividends paid on mandatory redeemable preferred stock

subtracted from net income.

N.A. Not available.

¹ Consolidated operating revenues include those from nontransportation activities and sales from discontinued operations when these are published. All figures are for the year ended

THE SERVICE 500

	EMPLOYEES		PROFITS AS PERCENT OF				EARNINGS PER SHARE				TOTAL RETURN TO INVESTORS				RANK
	Number	Rank	SALES		STOCKHOLDERS' EQUITY		1987/\$	1986/\$	1977/\$	1977-87 annual growth rate % Rank	1987 % Rank	1977-87 annual average		1987	
			% Rank		% Rank							% Rank	% Rank		
	64,000†	4	3.0	20	11.5§	15	6.02	0.25	5.54**	0.8 16	38.2 2	14.7 15			1
	191,600	1	8.1	7	25.9	6	4.64	3.96	N.A.	—	—	—			2
	69,600	2	—	—	—	—	(12.58)	1.75**	1.48**	—	(67.8)	39	4.0 25		3
	51,000	6	1.7	30	2.8§	38	0.88	2.73	1.73*	(6.6) 27	3.6 6	19.3 10			4
	65,100	3	2.8	22	7.0	26	3.28	4.63	2.54	2.6 13	(34.3)	25	13.5 16		5
	42,300†	10	5.6	10	9.7§	20	4.93	(12.07)	1.43	13.1 3	21.3 4	23.3 4			6
	46,559†	8	9.8	3	14.7§	11	5.10	(4.56)	2.34	8.1 7	(10.9)	13	12.2 18		7
	48,700	7	6.5	8	7.2	25	2.37	(0.84)	1.63*	3.8 12	58.9 1	20.4 7			8
	51,054	5	5.0	12	13.6	12	5.90	1.18	2.32	9.8 5	(21.1)	20	8.9 21		9
	33,724	13	2.0	29	6.8	28	3.59	3.26	4.29	(1.8) 21	(39.3)	30	6.9 23		10
	36,102†	12	4.2	15	3.5	37	0.91	2.74	1.10†	(1.9) 22	(3.0)	9	17.7 12		11
	29,919†	16	2.6	25	36.3	5	1.65**	(3.87)	N.A.	—	(17.7)	18	—		12
	22,487	19	—	—	—	—	(1.91)	(3.42)	1.06	—	(35.3)	27	(5.8) 29		13
	33,437†	14	9.2	4	7.8	22	4.34**	2.78	(2.66)	—	—	—			14
	41,047†	11	—	—	—	—	(1.27)	2.64	0.38	—	(36.8)	29	—		15
	44,760	9	6.5	9	10.3	19	5.28	3.34	2.62	7.3 9	(6.6)	12	25.3 2		16
	26,300	17	3.2	19	10.8	17	1.93	2.31	2.12	(0.9) 19	(5.9)	11	17.0 14		17
	30,000	15	2.6	24	7.6	24	1.26	1.91	1.14	1.0 14	(4.2)	10	10.6 20		18
	3,975	38	4.2	14	11.2	16	3.42	0.71	3.51	(0.3) 18	14.5 5	—			19
	25,600†	18	2.3	27	10.5	18	1.44	2.44	1.31	0.9 15	(22.9)	22	10.9 19		20
	21,000	20	—	—	—	—	N.A.	2.55	2.75	—	—	—			21
	6,600	29	4.7	13	287.7	1	1.55**	(1.45)	2.26	(3.7) 25	27.5 3	(2.5) 28			22
	17,900	21	—	—	—	—	(2.42)	(0.28)	1.21	—	(54.9)	34	(9.3) 30		23
	9,300†	25	2.9	21	6.6§	29	1.29	2.31	1.21	0.6 17	1.8 7	19.4 9			24
	5,765	31	2.6	26	3.9	36	0.63	1.55	0.36	5.8 10	(34.7)	26	20.3 8		25
	11,350	22	1.2	33	7.7	23	0.87	1.79	0.98	(1.2) 20	(58.6)	36	12.6 17		26
	5,933	30	3.5	16	9.1	21	1.58	1.41	0.69	8.6 6	(31.9)	23	21.3 6		27
	3,120	41	18.4	1	24.4	8	4.59	3.30	0.71	20.5 1	(1.1)	8	29.1 1		28
	2,100	46	0.8	36	20.3	10	N.A.	N.A.	N.A.	—	—	—			29
	4,394	35	0.9	34	4.7	33	0.90	2.23	1.45	(4.7) 26	(48.9)	32	3.4 26		30
	962	50	0.7	37	12.8	14	N.A.	N.A.	N.A.	—	—	—			31
	5,633†	32	—	—	—	—	(0.90)	(4.56)	2.48	—	(22.1)	21	6.2 24		32
	10,203	23	1.4	31	6.8	27	1.30	2.53	0.63	7.5 8	(39.8)	31	22.5 5		33
	8,790	26	2.1	28	49.5	3	N.A.	N.A.	N.A.	—	—	—			34
	6,885	28	—	—	—	—	(3.85)	0.11**	N.A.	—	(61.5)	37	—		35
	1,013	49	0.9	35	12.9	13	5.13	3.51	1.57	12.6 4	—	—			36
	4,092	37	0.3	39	0.4	39	N.A.	N.A.	N.A.	—	—	—			37
	4,450	34	3.4	18	4.9	32	1.82	(4.33)	1.24	3.9 11	(11.8)	14	23.6 3		38
	8,262	27	1.2	32	5.6	30	1.06	1.26	1.40	(2.7) 24	(54.9)	33	1.5 27		39
	9,800	24	—	—	—	—	(2.40)	1.04	N.A.	—	(55.0)	35	—		40
	3,740	39	2.7	23	41.0	4	2.10**	0.98**	0.37**	19.0 2	(16.7)	17	18.4 11		41
	3,678†	40	3.5	17	4.1	35	N.A.	N.A.	N.A.	—	—	—			42
	2,781	43	5.4	11	25.0	7	1.71**	0.87	N.A.	—	(16.2)	16	—		43
	4,128†	36	—	—	—	—	(3.39)	0.54	1.06	—	(66.2)	38	(10.5) 31		44
	2,800	42	—	—	—	—	(4.57)	1.83	0.40	—	(17.9)	19	17.1 13		45
	2,130	45	12.1	2	5.4	31	1.38	1.45	1.69	(2.0) 23	(14.8)	15	7.9 22		46
	5,155	33	9.1	6	21.4	9	1.10	1.05	N.A.	—	(36.4)	28	—		47
	2,510	44	9.1	5	155.7	2	11.36	12.81**	N.A.	—	—	—			48
	1,950	48	—	—	—	—	(0.74)	1.87**	N.A.	—	(32.6)	24	—		49
	2,000	47	0.5	38	4.2	34	0.99	2.16	4.16	(13.4) 28	—	—			50

1,135,688

December 31, 1987, unless otherwise noted. All companies must derive more than 50% of their operating revenues from carrier operations and file public financial statements.

† Net income for all railroads has been calculated according to generally accepted accounting principles.

‡ Name changed from UAL April 30, 1987.

* Figure is for Seaboard Coast Lines.

† Figure is for Santa Fe Industries.

‡ Figures are for fiscal year ended June 30, 1987.

§ Figure is for Norfolk & Western Railway.

¶ Figures are for fiscal year ended May 31, 1987.

* Figures are FORTUNE estimates.

† Figures are for fiscal year ended March 31, 1987.

‡ Wholly owned by IC Industries (No. 92 on the FORTUNE 500 Industrials list).

§ Figures are for fiscal year ended January 31, 1987.

THE 50 LARGEST UTILITIES

RANK BY ASSETS	1987	1986	COMPANY	ASSETS ¹ \$ Millions	OPERATING REVENUES ²		PROFITS \$ Millions	Rank	STOCKHOLDERS' EQUITY	
					\$ Millions	Rank			\$ Millions	Rank
1	1		GTE Stamford, Conn.	28,745.2	15,421.0	1	1,118.3	5	8,303.3	4
2	2		BELLSOUTH Atlanta	27,416.5	12,269.1	2	1,664.8	1	11,978.6	1
3	3		NYNEX New York	22,786.3	12,084.0	3	1,276.5	2	9,196.5	2
4	5		PACIFIC GAS & ELECTRIC San Francisco	21,733.7	7,185.7	9	688.5	11	8,262.5	5
5	7		SOUTHWESTERN BELL St. Louis	21,500.2	8,002.6	8	1,047.1	7	8,191.1	6
6	4		BELL ATLANTIC Philadelphia	21,245.1	10,298.4	4	1,240.4	3	8,741.9	3
7	6		PACIFIC TELEVIS GROUP San Francisco	21,056.0	9,131.2	6	950.0	9	7,890.0	7
8	10		SOUTHERN Atlanta	19,177.6	7,010.4	10	554.4	14	6,170.5	11
9	8		U S WEST Englewood, Colo.	19,095.0	8,445.3	7	1,005.5	8	7,456.3	10
10	9		AMERICAN INFORMATION TECH. Chicago	18,784.3	9,536.0	5	1,188.1	4	7,610.4	8
11	11		COMMONWEALTH EDISON Chicago	18,164.5	5,673.8	12	1,085.8	6	7,465.4	9
12	12		MIDDLE SOUTH UTILITIES New Orleans	15,156.8	3,454.8	24	356.6	26	4,528.1	15
13	14		SOUTHERN CALIFORNIA EDISON Rosemead	14,218.6	5,492.7	13	788.6	10	5,388.2	12
14	13		AMERICAN ELECTRIC POWER Columbus, Ohio	14,011.0	4,787.6	16	502.5	18	4,052.1	16
15	15		TEXAS UTILITIES Dallas	13,986.3	4,082.9	19	680.0	12	5,032.3	13
16	19		CENTRIOR ENERGY Independence, Ohio	11,282.7	1,945.5	43	390.4	24	3,109.1	23
17	16		PHILADELPHIA ELECTRIC	11,209.7	3,181.5	27	542.4	16	3,959.4	17
18	18		DETROIT EDISON	11,158.2	2,856.7	29	555.0	13	3,298.8	22
19	17		PUBLIC SERVICE ENTERPRISE GROUP Newark, N.J.	10,857.6	4,211.1	18	520.5	17	3,807.3	18
20	20		FPL GROUP North Palm Beach, Fla.	9,986.5	4,439.3	17	402.9	23	3,098.0	24
21	22		HOUSTON INDUSTRIES	9,727.7	3,628.2	22	435.0	20	3,333.4	21
22	23		DOMINION RESOURCES Richmond	9,656.5	3,251.2	25	430.5	21	3,018.0	25
23	21		CONSOLIDATED EDISON OF NEW YORK	9,384.0	5,094.4	15	550.1	15	4,602.3	14
24	25		CMS ENERGY Jackson, Mich. ³	9,355.5	2,800.5	30	183.8	41	2,317.4	29
25	24		LONG ISLAND LIGHTING Hicksville, N.Y.	9,323.7	2,072.1	40	269.9	33	3,748.2	19
26	27		DUKE POWER Charlotte, N.C.	8,511.8	3,705.8	21	500.2	19	3,664.3	20
27	28		OHIO EDISON Akron	7,907.0	1,779.6	45	412.9	22	3,013.7	26
28	26		ENRON Houston	7,712.2	6,084.8	11	5.6	46	1,179.7	49
29	30		CAROLINA POWER & LIGHT Raleigh, N.C.	7,648.2	2,081.9	38	343.4	27	2,636.8	27
30	32		CENTRAL & SOUTH WEST Dallas	7,619.0	2,436.0	34	372.0	25	2,514.0	28
31	31		PENNSYLVANIA POWER & LIGHT Allentown	7,194.6	2,088.8	37	302.5	29	2,201.3	32
32	29		NIAGARA MOHAWK POWER Syracuse, N.Y.	6,794.1	2,623.4	33	(557.2)	50	2,071.5	36
33	36		PINNACLE WEST CAPITAL Phoenix ⁴	6,701.5	1,313.4	48	284.5	32	2,291.4	30
34	37		GULF STATES UTILITIES Beaumont, Tex.	6,677.1	1,432.6	47	241.1	37	2,256.8	31
35	33		NORTHEAST UTILITIES Berlin, Conn.	6,663.8	2,080.9	39	229.1	38	2,087.5	35
36	34		UNITED TELECOMMUNICATIONS Westwood, Kans.	6,558.4	2,405.3	35	(51.5)	47	1,526.1	43
37	38		GENERAL PUBLIC UTILITIES Parsippany, N.J.	6,278.9	2,673.4	32	259.1	35	1,978.8	38
38	35		UNION ELECTRIC St. Louis	5,957.8	1,946.4	42	333.9	28	2,191.9	33
39	41		ILLINOIS POWER Decatur	5,922.7	1,219.5	50	289.6	31	2,156.6	34
40	40		PACIFICORP Portland, Ore.	5,726.0	2,162.5	36	266.3	34	2,013.3	37
41	42		CONTEL Atlanta	5,512.8	2,905.5	28	43.0	45	1,431.2	45
42	39		COLUMBIA GAS SYSTEM Wilmington, Del.	5,426.8	2,798.0	31	111.3	42	1,573.7	42
43	43		MCI COMMUNICATIONS Washington, D.C.	5,390.0	3,939.0	20	88.0	44	1,353.0	46
44	44		TEXAS EASTERN Houston	5,073.4	3,611.4	23	96.1	43	1,286.3	47
45	45		PACIFIC ENTERPRISES Los Angeles ⁴	5,026.9	5,339.3	14	251.2	36	1,721.7	40
46	46		BALTIMORE GAS & ELECTRIC	4,510.0	1,809.2	44	300.1	30	1,924.6	39
47	49		NEW YORK STATE ELECTRIC & GAS Binghamton	4,487.3	1,289.6	49	(177.7)	49	1,267.0	48
48	48		NORTHERN STATES POWER Minneapolis	4,401.2	1,770.3	46	204.9	40	1,669.1	41
49	50		ALLEGHENY POWER SYSTEM New York	4,304.3	1,981.2	41	207.0	39	1,451.7	44
50	47		TRANSCO ENERGY Houston	4,296.9	3,242.3	26	(61.3)**	48	794.1	50
TOTALS				551,311.8	221,076.2		22,722.0		192,815.0	

** Reflects an extraordinary credit of at least 10%; see the explanations of "profits" and "earnings per share" on page D37.

† Average for the year; see the reference to "employees" on page D37.

§ Dividends paid on mandatory redeemable preferred stock subtracted from net income.

N.A. Not available.

¹ Assets are shown as of December 31, 1987, unless otherwise noted. Only assets of consolidated subsidiaries are included.

² Gross receipts from operations during the 1987 fiscal year, including any non-utility revenues from manufacturing, transportation, etc., and revenues from discontinued operations when they are published. All companies on the list must have

THE SERVICE 500

UTILITIES

	EMPLOYEES		PROFITS AS PERCENT OF EQUITY		EARNINGS PER SHARE						TOTAL RETURN TO INVESTORS				RANK
	Number	Rank	% Rank	1987/\$	1986/\$	1977/\$	1977-87 annual growth rate		1987		1977-87 annual average		1987		
							%	Rank	%	Rank	%	Rank			
	161,000	1	13.4§	17	3.29	3.53	2.61	2.4	22	(3.4)	22	14.2	23	1	
	98,700	2	13.9	11	3.46	3.38	N.A.	—	—	(0.3)	17	—	—	2	
	95,300	3	13.9	12	6.26	6.01	N.A.	—	—	5.8	8	—	—	3	
	27,300†	11	8.1§	38	1.53	2.60	1.57	(0.3)	31	(26.8)	45	14.3	22	4	
	67,085	8	12.8	24	3.48	3.42	N.A.	—	—	(2.5)	18	—	—	5	
	80,930	4	14.2	9	6.24	5.85	N.A.	—	—	1.6	12	—	—	6	
	71,877	6	12.0	31	2.21	2.51	N.A.	—	—	6.0	7	—	—	7	
	31,937	9	9.0	37	1.92	3.17	1.95	(0.2)	29	(3.5)	23	14.3	21	8	
	68,523	7	13.5	16	5.31	4.86	N.A.	—	—	0.6	15	—	—	9	
	78,510	5	15.6	2	8.47	7.87	N.A.	—	—	1.3	13	—	—	10	
	17,750	18	13.5§	13	4.73	4.69	2.86	5.2	11	(11.0)	38	11.2	32	11	
	13,739	24	7.9	39	1.74	2.21	2.18	(2.2)	32	(37.1)	49	2.4	41	12	
	17,083	19	14.1§	10	3.39	3.28	1.90	6.0	7	(3.4)	21	19.4	3	13	
	22,987	13	12.4	28	2.60	2.62	2.42	0.7	27	4.0	10	12.7	27	14	
	16,086	20	13.5	14	4.55	4.45	2.40	6.6	5	(6.6)	30	11.5	30	15	
	8,891	38	12.6	27	2.82	3.04	2.62*	0.7	26	(18.5)	43	10.4	34	16	
	11,366	29	12.7§	26	2.33	2.60	1.87	2.2	23	(9.1)	34	12.8	26	17	
	11,221	30	16.2§	1	3.25	2.58	2.60	5.0	14	(10.2)	37	9.8	35	18	
	13,482	25	13.5§	15	2.55	1.89	1.91	2.9	20	(3.7)	25	16.3	13	19	
	20,000	16	13.0	22	3.10	2.90	1.90	5.0	13	(3.1)	20	17.6	8	20	
	11,506	28	13.0	21	3.74	3.81	2.94	2.4	21	(5.9)	28	14.4	19	21	
	14,032	22	14.3	7	4.54	4.10	2.88	4.7	16	0.2	16	17.9	7	22	
	20,266	16	11.9§	33	4.42	4.26	2.26	6.9	4	(5.3)	27	22.8	2	23	
	9,896	33	6.8§	42	2.15	0.74	3.18	(3.8)	34	(13.6)	40	2.7	40	24	
	6,400	45	7.2	41	1.73	2.13	2.59	(4.0)	35	(29.6)	47	(2.0)	43	25	
	20,527	15	13.1§	20	4.30	4.04	2.41	6.2	6	0.6	14	16.8	11	26	
	7,266	43	13.1§	19	2.40	2.47	1.97	2.0	24	13.4	3	13.4	24	27	
	6,922	44	(1.2)§	46	(0.86)	0.21	3.05	—	—	4.7	9	13.4	25	28	
	9,400	35	11.7§	34	3.83	3.96	2.61	3.9	18	(6.6)	29	14.6	17	29	
	8,894	37	14.8	4	3.92	3.75	2.00	7.0	3	(7.5)	31	16.7	12	30	
	8,301	40	11.9§	32	3.32	3.10	3.37	(0.1)	28	(2.9)	19	15.0	16	31	
	10,800	31	—	—	(4.78)	2.71	1.74	—	—	(20.3)	44	9.2	36	32	
	11,912	27	12.2§	30	3.40	3.04	3.02	1.2	25	7.3	6	14.4	18	33	
	4,824	48	10.7	35	1.65	1.71	1.69	(0.2)	30	(35.6)	48	(0.5)	42	34	
	9,354	36	10.0§	36	2.11	2.78	1.26	5.3	10	(9.8)	36	18.6	5	35	
	23,325	12	—	—	0.53	1.81	2.21	—	—	3.4	11	11.3	31	36	
	13,777	23	13.1	18	4.12	3.26	2.50	5.1	12	27.6	2	5.5	38	37	
	7,382	42	14.8§	5	2.91	2.89	1.67	5.7	8	(15.9)	41	16.0	14	38	
	4,616	49	12.7§	25	3.75	3.98	2.68	3.4	19	(11.2)	39	10.7	33	39	
	11,932	26	13.0§	23	3.60	3.45	2.22	5.0	15	(3.7)	24	14.3	20	40	
	21,722	14	3.0§	45	0.55	3.04	1.79	(11.1)	37	8.7	4	15.3	15	41	
	10,700	32	6.6§	43	2.30	1.82	3.74	(4.7)	36	(4.9)	26	12.5	28	42	
	14,236	21	6.5	44	0.31	(1.63)	(0.02)	—	—	50.0	1	27.2	1	43	
	9,800	34	7.5	40	1.80	0.02	2.51	(3.3)	33	(18.2)	42	5.2	39	44	
	27,928	10	14.6	6	4.14	1.34	2.76	4.1	17	8.2	5	19.3	4	45	
	8,767	39	14.9§	3	3.47	3.15	1.43	9.3	1	(7.8)	32	18.5	6	46	
	4,498	50	—	—	(3.46)	3.86	2.21	—	—	(26.8)	46	12.3	29	47	
	8,265	41	12.3	29	3.01	3.09	1.43	7.7	2	(8.8)	33	17.1	10	48	
	5,821	46	14.3	8	4.05	4.03	2.37	5.5	9	(9.6)	35	17.4	9	49	
	5,071	47	—	—	(2.75)**	(0.92)	2.84	—	—	(41.8)	50	7.3	37	50	
1,271,947															

derived more than 50% of their revenues from utility operations.
 * Formed as a holding company for Consumers Power February 26, 1987.

* Figure is for Cleveland Electric Illuminating.
 * Name changed from AZP Group April 24, 1987.
 * Named changed from Pacific Lighting February 15, 1988.

HIGHLIGHTS

DEFINITIONS AND EXPLANATIONS

ASSETS

Assets are those shown at the company's fiscal year-end.

PROFITS

Profits are shown after taxes and after extraordinary credits or charges if any are shown on the income statement. A double asterisk (**) signifies an extraordinary credit reflecting at least 10% of the net income shown, a double dagger (†) an extraordinary charge of at least 10%. Figures in parentheses indicate a loss. Cooperatives provide only "net margin" figures, which are not comparable, therefore I-L-A is shown.

STOCKHOLDERS' EQUITY

Stockholders' equity is the sum of capital stock, surplus, and retained earnings at the company's year-end. Redeemable preferred stock is excluded if its redemption is either mandatory or outside the control of the company, except in the case of cooperatives. For purposes of calculating "profits as percent of stockholders' equity," any dividends paid on redeemable preferred stock, if that stock's redemption is either mandatory or outside the control of the company, have been subtracted from profits.

EMPLOYEES

The figure shown is a year-end total except when it is followed by a dagger (†), in which case it is an average.

EARNINGS PER SHARE

For all companies the figures shown are the primary earnings per share that appear on the company's income statement. Per-share earnings for 1986 and 1977 are adjusted for stock splits and stock dividends. They are not restated for mergers, acquisitions, or accounting changes made after 1977. A double asterisk (**) signifies an extraordinary credit reflecting at least 10% of the net income shown, a double dagger (†) an extraordinary charge of at least 10%. Figures in parentheses indicate a loss. Results are listed as not available (N.A.) if the companies are cooperatives, joint ventures, or wholly owned subsidiaries of other companies. The growth rate is the average annual growth, compounded. No growth rate is given if the company had a loss in either 1977 or 1986.

TOTAL RETURN TO INVESTORS

Total return to investors includes both price appreciation and dividend yield to an investor in the company's stock.

The figures shown assume sales at the end of 1987 of stock owned at the end of 1977 and 1986. It has been assumed that any proceeds from cash dividends, the sale of rights and warrant offerings, and stock received in spinoffs were reinvested when they were paid. Returns are adjusted for stock splits, stock dividends, recapitalizations, and corporate reorganizations as they occur; however, no effort has been made to reflect the cost of brokerage commissions or of taxes. Results are listed as not available (N.A.) if shares are not publicly traded or are traded on only a limited basis. If companies have more than one class of shares outstanding, only the more widely held and actively traded has been considered. Total return percentages shown are the returns received by the hypothetical investor described above. The ten-year figures are annual averages, compounded.

Most of the figures in the FORTUNE Service 500 Directory were prepared by reporters Charles A. Riley II and Reed Abelson. The figures on per share earnings and on total return to investors were prepared by Claudine Knight.

INDUSTRY MEDIAN

CHANGES IN SALES¹

	INCREASES
TRANSPORTATION	11.0%
RETAILING	9.1
DIVERSIFIED SERVICE	8.3
DIVERSIFIED FINANCIAL	8.0
UTILITIES	1.7

CHANGES IN PROFITS^{2, 3}

	INCREASES
RETAILING	20.9%
DIVERSIFIED FINANCIALS	14.8
DIVERSIFIED SERVICE	14.1
UTILITIES	2.4
COMMERCIAL BANKS	1.3
	DECREASES
TRANSPORTATION	13.8%
SAVINGS INSTITUTIONS	10.7

TOTAL RETURN TO INVESTORS, 1987³

UTILITIES	-4.3%
DIVERSIFIED SERVICE	-5.0
RETAILING	-7.0
COMMERCIAL BANKS	-12.5
DIVERSIFIED FINANCIALS	-16.9
TRANSPORTATION	-21.1
SAVINGS INSTITUTIONS	-27.2
THE SERVICE 500 MEDIAN	-11.5

TOTAL RETURN TO INVESTORS 1977-87 ANNUAL AVERAGE³

RETAILING	20.6%
COMMERCIAL BANKS	18.7
DIVERSIFIED SERVICE	18.0
DIVERSIFIED FINANCIALS	16.8
UTILITIES	14.3
SAVINGS INSTITUTIONS	13.7
TRANSPORTATION	13.5
THE SERVICE 500 MEDIAN	16.9

RETURN ON SALES¹

	1987	1986
UTILITIES	12.0%	12.7%
DIVERSIFIED FINANCIAL	6.9	6.8
DIVERSIFIED SERVICE	3.1	2.1
TRANSPORTATION	3.0	1.6
RETAILING	2.4	2.4
THE SERVICE 500 MEDIAN	2.9	2.8

RETURN ON STOCKHOLDERS' EQUITY¹

	1987	1986
DIVERSIFIED FINANCIAL	16.3	15.9
RETAILING	15.5	14.2
UTILITIES	12.8	13.3
DIVERSIFIED SERVICE	12.2	12.0
SAVINGS INSTITUTIONS	12.2	16.0
COMMERCIAL BANKS	11.1	12.8
TRANSPORTATION	9.7	7.7
THE SERVICE 500 MEDIAN	11.5	13.1

SALES PER DOLLAR OF STOCKHOLDERS' EQUITY¹

RETAILING	\$5.13
DIVERSIFIED SERVICE	4.13
TRANSPORTATION	3.38
DIVERSIFIED FINANCIAL	2.54
UTILITIES	1.08
THE SERVICE 500 MEDIAN	3.10

SALES PER EMPLOYEE¹

DIVERSIFIED FINANCIALS	\$296,021
UTILITIES	243,913
DIVERSIFIED SERVICE	211,057
TRANSPORTATION	111,938
RETAILING	95,548
THE SERVICE 500 MEDIAN	157,114

ASSETS PER EMPLOYEE

SAVINGS INSTITUTIONS	\$3,384,306
COMMERCIAL BANKS	1,682,503
LIFE INSURANCE	1,654,491
DIVERSIFIED FINANCIAL	1,049,879
UTILITIES	658,630
TRANSPORTATION	118,202
DIVERSIFIED SERVICE	108,573
RETAILING	42,144
THE SERVICE 500 MEDIAN	795,300

¹Commercial banks, savings institutions, and life insurance companies are not included. ²Listing excludes money losers. ³Life insurance companies are not included.

THE SERVICE 500

THE MONEY LOSERS

	RANK	LOSS
MAN. HAN. CORP.	B-7	\$1,140,239,000
CITICORP	B-1	1,138,000,000
FST CITY BANCORP. OF TEX.	B-46	1,130,168,000*
BANKAMERICA CORP.	B-3	955,000,000*
CHASE MANHATTAN CORP.	B-2	894,793,000
MELLON BANK CORP.	B-16	863,000,000
CHEMICAL NEW YORK CORP.	B-4	853,700,000
FIRST REPUBLIC BANK CORP.	B-13	656,833,000
CONTINENTAL ILL CORP.	B-14	609,500,000
FIRST CHICAGO CORP.	B-10	570,660,000
NIAG. MOHAWK POWER	U-32	557,214,000
FIRST INTERSTATE BANCORP	B-9	556,223,000
SAFEWAY STORES	R-3	495,411,000*
FINANCIAL CORP. OF AMER.	I-1	447,963,000
TEXAS AIR	T-3	466,146,000
MARINE MIDLAND BANKS	B-24	408,765,000
MERITOR FINANCIAL GROUP	I-5	395,799,000
HENLEY GROUP	S-14	278,000,000*
PAN AM	T-13	265,291,000*
MCORP	B-33	258,293,000*
MAXICARE HEALTH PLANS	S-39	255,863,000
NAT'L WESTMIN BANK USA	B-44	212,008,000
IRVING BANK CORP.	B-25	193,300,000
NY STATE ELEC. & GAS	U-47	177,737,000

	RANK	LOSS
ALLIED STORES	R-27	169,380,000*
PITTSTON	S-54	133,050,000
GIBRALTAR FINANCIAL CORP.	I-9	131,068,000
VIACOM INTERNATIONAL	S-70	123,459,000*
UNITED FIN. GROUP	I-22	117,980,000
CARTER HAWLEY HALE	R-33	115,283,000
EUR AMERIC BANCORP	B-74	110,481,000
TEX. AMER.	B-88	78,000,000*
TCF BANKIN	I-27	71,810,000
SOUTHLAND	? 2	66,422,000
FEDERAL EXPRESS	5	65,571,000
NORTHERN TRUST C.	B-55	65,059,000
TRANSCO ENERGY	U-50	61,311,000*
MORRISON KNUDSEN	S-37	59,535,000
REVCO D.S.	R-36	59,509,000
ALLEGHENY BEVERAGE	S-67	59,259,000
LORIMAR-TELEPICTURES	S-91	58,601,000
HOSPITAL CORP. OF AMER.	S-4	58,394,000
UNION BANCORP	B-42	55,096,000
FIRST PENN CORP.	B-78	53,918,000
UNITED TELECOMMUN	U-36	51,534,000
FIRST WISCONSIN CORP.	B-67	49,073,000
EMERY AIR FREIGHT	T-23	47,663,000*
LANDMARK LAND	I-49	47,514,000

	RANK	LOSS
U.S. HOME	S-89	45,676,000*
AMERICA WEST AIRLINES	T-35	45,675,000
NATIONAL INTERGROUP	S-6	44,957,000*
VALLEY NATIONAL CORP.	B-45	44,359,000
FLORIDA FED. S&L ASS'N	I-32	43,919,000*
FISCHBACH	S-65	36,047,000
BEVERLY ENTERPRISES	S-35	30,521,000
SUBARU OF AMERICA	S-40	29,972,000
NORWEST CORP.	B-31	29,800,000
SECURITY CAPITAL	F-46	28,110,000*
MERCANTILE BANCORP.	B-70	24,490,000
LEASEWAY TRANSPORT	T-21	22,592,000
TURNER	S-24	22,256,000
TRANSCON	T-44	19,915,000
PREMIER BANCORP	B-95	18,378,000*
DI GIORGIO	S-60	16,323,000
AMERICAN CARRIERS	T-40	15,500,000
R.H. MACY	R-20	13,820,000
TESORO PETROLEUM	S-56	10,990,000*
AMERITRUST CORP.	B-49	10,120,000
BRANIFF	T-49	9,022,000
HAL	T-45	8,776,136
SOO LINE	T-32	8,504,000*
GELCO	S-98	4,894,000

* Also lost money in 1986.
Life insurance companies are not included.

ARRIVALS AND DEPARTURES

NEWCOMERS TO THE SERVICE 500	RANK
AIR EXPRESS INTERNATIONAL	T-41
ANCHOR SAVINGS BANK	I-21
ARGONAUT GROUP	F-50
BANCO POPULAR DE PUERTO RICO	B-85
CENTRAL BANCSHARES	B-97
CHEMICAL LEAMAN	T-50
COMMERCIAL CREDIT CO.	F-38
CONSOLIDATED RAIL	T-14
EMERSON RADIO	S-87
EQUITABLE BANCORPORATION	B-91
FIRST COMMERCE	B-98
GOLDOME	I-8
HERTZ	S-38
MBERNIA CORP.	B-94
HILLS DEPARTMENT STORES	R-50
HUNT (J.B.) TRANSPORT	T-47
ITEL	S-58
KEYSTONE PROVIDENT LIFE	L-46
LANDMARK LAND	F-48
LORIMAR-TELEPICTURES	S-91
MARINE CORP.	B-96
NASHUA	S-78
REEBOK	S-51
ROCHESTER COMMUNITY SAVINGS	I-48
SUN CARRIERS	T-34
TELEX	S-83
TRUSTCORP	B-83

UNITED MISSOURI	B-99
UNITED STATIONERS	S-97
RETURNED TO THE SERVICE 500*	
BROWN GROUP (1984: R-47)	R-49
CAPITAL HOLDING (1972: F-28)	F-22
DOWNEY SAVINGS & LOAN ASS'N (1985: I-42)	I-49
EQUIMARK (1982: B-100)	B-100
FARM HOUSE FOODS (1985: S-58)	S-92
KAUFMAN & BROAD (1985: S-75)	F-36
MACY (R.H.) (1985: R-23)	R-20
PROVIDENT LIFE & ACCIDENT (1984: L-46)	L-47
WICKES COS. (1985: R-24)	R-22
DISPLACED FROM THE SERVICE 500 1986	
	RANK
ACE HARDWARE ¹	S-64
ACI HOLDINGS ²	T-43
ALLEGHANY	F-47
ALLIED BANCSHARES ²	B-53
AMERICAN NATIONAL	L-48
AMERICAN S&L ASS'N OF FLA.	I-50
APPLE BANK FOR SAVINGS	I-46
CINCINNATI FINANCIAL	F-45
CITIZENS FIDELITY ²	B-100
CONTINENTAL BANCORP ²	B-89
DRAVO	S-74
DYNALECTRON ¹	S-89

EASTERN GAS & FUEL ASSOC.	S-44
FIRST COLUMBIA FINANCIAL CORP.	I-47
FIRST FIDELITY BANCORP. ²	B-34
FIRST NATIONAL BANCORP	B-88
FIRST NATIONAL SUPERMARKETS ¹	R-50
GATX	S-96
GUARANTEE FINAN. CORP. OF CALIF. ²	I-45
HALL (FRANK B.)	F-49
HARDWARE WHOLESALERS ¹	S-90
HARTFORD NATIONAL CORP. ²	B-38
HUTTON (E.F.) GROUP ²	F-11
MANPOWER ²	S-71
MARSH & MCLENNAN COS.	F-48
MCLEAN INDUSTRIES	T-24
NATIONAL INVESTORS LIFE ²	L-49
NORSTAR BANCORP ²	B-44
PIEDMONT AVIATION ²	T-16
PUROLATOR COURIER ¹	T-27
RAPID-AMERICAN	R-42
SOUTHERN STATES COOP.	S-100
SOUTHLAND FINANCIAL	F-50
SUPERMARKETS GENERAL ¹	R-16
TEXAS COMMERCE BANCSHARES ²	B-29
WALDBAUM	R-45
WHITTAKER ¹	S-56

* Figures in parentheses indicate year and rank the last time the company was listed.
¹ Figures are no longer made public.
² Acquired by another company on the Service 500.
³ Independent financial data not available.
⁴ Reclassified as an industrial.

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F	DIVERSIFIED FINANCIAL COMPANIES page D19

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